

CITY OF SANTA CLARA, CALIFORNIA

CONSOLIDATED PLAN

**FIVE YEAR PLAN
FOR
PROGRAM YEARS 2005-06 THROUGH 2009-10**

and the

ANNUAL PLAN

**PROGRAM YEAR 2005-06
OF THE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
PROGRAM
AND THE
HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)**

**Prepared by the Community Services Division,
Department of Planning and Inspection**

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INTRODUCTION: WHAT IS A CONSOLIDATED PLAN?

The City of Santa Clara receives entitlement grants from two federal programs administered by the U.S. Department of Housing and Urban Development (HUD): Community Development Block Grant (CDBG) and Home Investment Partnerships Act (HOME). The purpose of these programs is to assist urban communities to provide decent and safe housing, a suitable living environment, and economic opportunities for very low and low income persons.

Title I of the National Affordable Housing Act, which authorizes these two programs, requires that local governments prepare and adopt a Consolidated Plan according to regulations and guidelines set down by HUD. The Consolidated plan serves four functions:

- A planning document for the City of Santa Clara, which builds on a participatory process at the community level;
- An application for federal funds under HUD's formula grant programs;
- A strategy to be followed out in carrying out HUD programs; and
- An action plan that provides a basis for assessing performance.

The Consolidated Plan consists of two parts: a five-year Strategic Plan and annual, one-year Action Plans to implement that Strategic Plan. The City's last Strategic Plan covered the fiscal years 2000-01 through 2004-2005. Thus, the first part of this document sets forth a new five year Strategic Plan for the fiscal years 2005-06 through 2009-10. This document includes an analysis of housing and community needs and establishes priorities for the use of federal funds to meet those needs. The second part of this document is the proposed Annual Plan for the use of Federal Funds in the fiscal year to begin July 1, 2005.

The City's Housing and Community Services Division (H&CSD) of the Planning and Inspection Department is responsible for administering the CDBG and HOME programs, including the preparation of the Consolidated Plan. The Consolidated Plan was prepared in cooperation with other entitlement jurisdictions in Santa Clara County, the Housing Authority of the County of Santa Clara, and local social service providers, including government and not-for profit institutions. Two surveys were conducted to solicit opinions from interested citizens. After a period for public review and a public hearing, the City Council adopted the Strategic and Annual Plans presented herein.

EXECUTIVE SUMMARY

The Five-Year Consolidated Plan consists of six components: a summary of the citizen participation process, a description of the City's lower income housing and community service programs and financial resources, a description of housing needs and barriers with priorities for assistance, a description of community service needs with priorities for assistance, a summary of administrative policies and support activities, and a five year strategy, with the objectives and goals of efforts to address those identified needs. The Plan covers the period July 1, 2005 to June 30, 2010.

City Affordable Housing Programs and Financial Resources: The City has three primary sources of revenue to support the development of affordable housing: the Redevelopment Agency of the City of Santa Clara Affordable Housing Set-Aside (RDA), the Home Investment Partnerships Act (HOME) and the Community Development Block Grant (CDBG). The administration of these sources and the development of new housing and maintenance of existing housing are coordinated through the City's Housing and Community Services Division. The consolidation of the three programs took place in July, 2001. That consolidation enables the City to set and implement a comprehensive affordable housing strategy. CDBG and HOME entitlement funds are expected to decrease over the five years of the Consolidated Plan. Including RDA, the City projects \$39,300,000 to be available for affordable housing. A portion of the RDA funds will be used for homebuyer assistance, primarily addressing households between 80 and 110 percent of the area median income. CDBG and HOME funds can only be used for lower income households, those at or below 80% of the area median income.

Characteristics of City's Housing Stock: Just over half the City's housing units are single family, as compared to 64% for the County. Less than half the City's housing stock is owner occupied, as compared to the County's 60%. The City's housing stock is older than the County as a whole. Approximately 61% of the City's housing stock is over 35 years old, as compared to 50% countywide. The City's Housing Element estimates that 3,020 housing units are overcrowded. Nearly 5,000 housing units occupied by lower income households may contain lead-based paint. The City's housing rehabilitation objective addresses those characteristics. Based on population and employment projections, the Association of Bay Area Governments projects a need for 1,503 new housing units for lower income households.

Homeownership Costs and Affordability: In the past year, the cost of a median priced home in Santa Clara County has increased about 15%. In that same period, a median-priced home in the City of Santa Clara has increased 23%. Since the median income of County residents has remained roughly the same during that period, more and more potential first time homebuyers are being shut out of the market. Hispanic and African-American households, whose median income is significantly less than the median household income in the City, are disproportionately impacted by that market dynamic. As a result, if the City were to contribute significantly to the President's goal adding 5.5 million minority homeowners between 2002 and 2010, it would have to substantially increase its subsidy level. The result would be fewer overall households benefiting from homebuyer assistance.

Rental Housing Costs and Affordability: Market rents, after experiencing a 60% growth between 1993 and 1999, have declined about 10% in the last five years. During that same period, median

incomes have increased by 20%. The result of these two trends is that the maximum affordable rents for Low Income households (51-80% of the area median income) actually *exceeds* the market rate. Thus, in the current market, no subsidy is needed to make rents affordable to low income households.

Extremely Low Income Renter Households: On the other end of the lower income scale, there are 2,085 Extremely Low Income (ELI) households (less than 30% of the area median income) who pay more than 50% of their income for housing. Approximately one-fourth of those households are seniors. Except for several HOME projects targeting special needs population, affordable rental projects subsidized by the City have set affordable rents at Low Income and Very Low Income (50% of area median income) levels. At the Very Low Income (VLI) Affordable Rent, an ELI household would still have to spend more than 50% of its income for housing. One response to this need is to encourage non-profit developments. Over the last five years, non-profit owners of rental housing in the City have consistently kept their rents 15-25% below the affordable levels for VLI, even for those units that are only required to be affordable to Low Income Households. Rents in these projects are affordable at 35-40% of area median income and thus reduce the housing cost burden on ELI households. The City has identified several special population groups that are most likely to be ELI: Seniors, Persons with Disabilities, Female-Headed Households, Survivors of Domestic Violence, Persons with HIV/AIDS, and Households At-Risk for Homelessness.

Five Year Housing Needs and Strategies (Table 17/HUD Table 2A): The City's Unmet Housing Need totals 9,984 households, including the City's lower income new construction allocation of 1,503 housing units. Of lower income households with a housing problem, 7,715 are paying more than 30% of their income for housing. The unmet housing needs of the 9,984 lower income households can be summarized as follows (percentage does not equal 100% because some households may be included in more than one category):

- New Construction: 1,503 units (15.1% of unmet need).
- Rehabilitation: 1,569 units (15.7% of unmet need).
- Cost Burden 30-50% of Income: 3,249 units (32.5% of unmet need).
- Cost Burden >50% of Income: 4,466 (44.7% of unmet need).

Homeless and Near Homeless: In 2004, the Santa Clara Countywide Collaborative on Affordable Housing and Homeless Issues and the entitlement jurisdictions of Santa Clara County began or continued three major initiatives that will play a leading role in formulating and instituting strategies to enhance the effectiveness of the Continuum of Care system over the next five years.

- Undertook a comprehensive Homeless Census and Survey. A census of homeless persons was conducted December 14-15, 2004. A total of 7,646 persons were counted as being homeless those nights, including 2,778 in various shelters throughout the county. An additional 4,868 were found sleeping in cars, squatting in garages, or camping outdoors. In the period December, 2004 to February, 2005, 1,796 detailed surveys of homeless persons were completed. The results of those surveys will be used to analyze the causes of homelessness and to develop strategies for addressing those causes.
- On October 5, 2004, the County Board of Supervisors authorized the formation of a Task Force to work with the County Office of Affordable Housing to develop a 10-Year Plan to End Chronic Homelessness in Santa Clara County. The Task Force included a broad representation of

government, business, labor, funding sources, and community and service groups, who are familiar with issues related to homelessness. The final report and recommendations are scheduled to go to the Board of Supervisors on May 3, 2005. Information available at the time of preparation of this Five Year Plan indicated that it would adopt a “Housing First” approach.

- Continued to expand the countywide Homeless Management Information System (HMIS). This system was established to collect primary client data on persons who use homeless facilities and services. The project is scheduled to include all providers in its database by December, 2005. The HMIS will allow policy makers and funding sources to have an accurate count and demographic profile of homeless persons who receive assistance and which combination of services work best to meet the goals of the Collaborative. The City of Santa Clara entered into an agreement with Community Technology Alliance, which manages the HMIS under the direction of the Collaborative. Through that agreement, the City of Santa Clara will facilitate the inclusion of homeless providers operating in the City in the HMIS.

Ten Year Plan To End Chronic Homelessness: The three initiatives discussed above will be the basis for addressing homeless issues over the next five years. Over the next several months, the County Collaborative will review the Homeless Census and Survey data and update its Continuum of Care Plan. That action will also draw on the HMIS database, which is expected to be fully in place by the end of 2005. The countywide ten year plan to end chronic homelessness presented its initial recommendations in May, 2005. The City will review the recommendations and determine what actions it will take in the next five years to work with other county jurisdictions in implementing the Ten-Year Plan to End Chronic Homelessness.

Characteristics of the Homeless: The characteristics of the homeless have changed significantly in the last ten years. The section below highlights those changes by comparing the results of the 2004 and 1999 surveys. When particularly enlightening, 1995 survey results are also included. Five major changes in the characteristics of the homeless occurred between 2005 and 1999.

- Only 19% Santa Clara County’s homeless population were children as compared to 31% in 1999. It was 43% in 1995. The construction of 75 housing units for homeless families in the City was a significant reason for this decline.
- Just over 27% of homeless adults are female, as compared to 35% in 1999. Female heads of household make up over two thirds of homeless families, indicating that they also benefited from new housing for homeless families.
- For one third of the respondents in 2004, job loss and the high cost of housing were the primary reasons for their homelessness. Over 60% of homeless adults identified one of these two reasons as the primary cause for their homelessness in 1999.
- One in five homeless persons were veterans, compared to one in six in 1999. Just under half of homeless veterans were disabled in 2004, as compared to only 7% in 1995. Nationally, veterans make up about 45% of the homeless population.
- The percentage of working homeless was 18.5%. In 1999, it was 34%. In 1995, it was 25%.

Community Needs of Special Populations: The City has identified several special populations that are more likely to be Extremely Low Income and have significant service needs as well as housing needs.

- The Elderly: Compared to seniors in the County, elderly residents make up a higher portion of the City's population, are more likely to live in poverty, and are more likely to have one or more disabilities. One out of ten respondents to the City of Santa Clara Mail-In Survey identified Senior Services as one of the two most important needs in the City. Seniors survey respondents identified Senior Services as the most important need. About 33% of the City's CDBG Public Service funds go to Senior Services.
- Frail Elderly: The term "Frail Elderly" is used to describe seniors who have one or more conditions that affect their ability to live independently. Seniors over the age of 75 most commonly fall into this group. Between 1990 and 2000, the City's population of persons 75 years of age and older increased by almost 50% to 5,195. One in three of these seniors lives alone; one in eight lives in poverty. This group has particular need for in-home support services.
- Persons with Disabilities: There are 9,187 City residents, aged 21-64 who reported one or more life-restricting disabilities in the 2000 Census. The unemployment rate among this group is 35.8%; most have incomes less than 50% of the Area Median Income. Many of these persons do not require special housing. However, lack of income is a significant obstacle to finding adequate, affordable housing. The City has an Americans with Disabilities Act Advisory Committee to address architectural barriers in City facilities and streets. The City uses CDBG to fund one or two removal of architectural barriers each year.
- Female-Headed Households: Just under 10% of City households are headed by a female. One in four of these households receives some form of public assistance. That figure is 33% higher than five years ago. In FY 2003-04, 232 female-headed households were served by the City's 16 public service programs. In FY 2004-05, the City funded two new public service programs, which have 346 female-headed households as of December 31, 2004.
- Survivors of Domestic Violence: This group usually includes female-headed households and their dependent children. Annual reported incidents of domestic violence have remained about the same in the last five years. The City funds two public services assisting victims of domestic violence. In FY 2003-04, they served 142 persons.
- Persons with Substance Abuse/Addiction Disorders: No reliable figures are available for the number of persons with substance disorders in the City. Based on countywide figures, it is estimated that about 600 residents were admitted to the County's substance abuse programs in FY 2002-03.
- Persons with HIV/AIDS: The County Health Department reports that 280 persons with HIV/AIDS live in the North County area. The exact number in the City cannot be established with available data. In respect to special needs activities, Santa Clara consults with the City of San Jose in the use of Housing Opportunities for Persons With AIDS (HOPWA) funds in meeting the service objectives of the Santa Clara HIV/AIDS Care Consortium.

- **People in Poverty:** The 2000 Census identified 7,786 City residents living in households whose income is below the federal poverty level (\$19,350 for a family of four, which equals 18% of the County Area Median Income). Because the poverty level is not adjusted for higher income areas like Santa Clara, a more accurate indication of people in poverty is those with Extremely Low Income (ELI, 30% of the County Area Median Income). There are 4,348 ELI households in the City, 11.3% of all City households.

Five Year Non-Housing Needs and Objectives of Non-Homeless Special Needs Populations (Table 34/HUD Table 1B): The City estimates that there are just over 10,000 persons who need some sort of non-housing assistance. Based on current costs of services and public services/facilities provided with City/RDA funds, approximately \$782,500 per year would be needed to deliver at least one service to each of these persons. An additional \$700,000 per year is needed in public facilities improvements, mostly disabled accessibility improvements. The City expects to assist 4,945 persons per year.

Public Service Funding Limitations: The City can only use 15% of its CDBG entitlement, plus 15% of its previous year's program income, for public services. The City supplements that amount by using RDA funds for affordable housing service activities. In FY 2005-06, the combined CDBG and RDA Public Service Funding will be \$375,470, less than half that necessary to meet community service needs. CDBG funds are expected to significantly decrease over the next five years. The City is likely to be faced with difficult choices between eliminating or substantially reducing currently funded agencies and not addressing new or increasing needs.

Actions to Address Public Services Funding Limitations: Over the next five years, the City will undertake four initiatives to meet the Public Service funding limitations.

- Establishment of selection criteria to emphasize City's priorities and strategies.
- Focus on Extremely Low Income persons, who currently make up 84.6% of residents receiving benefits from City/RDA funded public service agencies.
- Stress on measurable outcomes as well as production goals.
- Collaborate with other entitlement jurisdictions to standardize the application and reporting processes, and reimbursement rates to the degree possible.

Five Year Public Service Needs (Table 35/HUD Table 2B): The City estimates that there are just over 10,000 persons who need 15,750 public services. City-funded Public Services are expected to benefit 4,695 persons per year. The City does not anticipate funding any Public Services with a low or medium priority.

Public Facilities and Infrastructure Capital Improvement Activities: Each year, about 65% of CDBG funds are available for capital improvement activities. Those funds have focused on three types of projects: (1) housing rehabilitation; (2) accessibility modifications for persons with disabilities; and (3) public facility/infrastructure improvements. If CDBG revenue continues to decrease over the next five years, the City will be hard-pressed to continue providing assistance in all three of these areas.

Five Year Public Facilities and Infrastructure Needs (Table 36/HUD Table 2B): The City estimates that it will complete 15 non-housing community development projects, of which 10 will be primarily accessibility improvement projects.

Five Year Economic Development Needs (Table 37/HUD Table 2B): Because the City has a substantial excess of jobs over employable residents, it has not used CDBG funds for economic development/job creation. In the next five years, the City does not anticipate using CDBG funds for such activities.

Administrative Structure and Coordination: The Housing & Community Services Division of the City's Planning and Inspection Department administers the CDBG and HOME Programs. It is also responsible for the RDA's Affordable Housing Set Aside Fund. The City has and will continue to be an active participant in countywide efforts to address community needs.

Geographical Distribution of Community Assistance: The City of Santa Clara uses its federal funds to assist lower income persons, without giving priorities for funding to particular geographic areas. The one exception to this policy is the City's Neighborhood Enhancement Initiative. That project identifies low-income neighborhoods and brings together various City departments to meet with residents to discuss and establish their needs and goals.

Monitoring: Public Service programs submit quarterly reports of their activities. Housing projects submit annual reports to verify compliance with their regulatory agreements. For all federally-funded programs and projects, on-site monitoring inspections are conducted on a two year cycle.

Five Year Strategies: The City has established eight major strategies for use of federal funds and RDA Housing funds for the next five years. Each strategy details several programs, with measurable objectives. The eight strategy statements are:

- **Goal One: Provide Housing Opportunities to First-Time Lower and Moderate Income Homebuyers.**
- **Goal Two: Provide Affordable Rental Housing to Very Low Income Households, Particularly Special Needs Populations.**
- **Goal Three: Preserve and Maintain Existing Housing Stock Occupied by Lower Income Households.**
- **Goal Four: Provide Housing and Supportive Services to Homeless Individuals and Families.**
- **Goal Five: Support Non-Profit Community Service Organizations That Provide Essential Services to City Residents, Particularly Identified Special Needs Populations.**
- **Goal Six: Provide Services and Promotional Support to Persons Experiencing Discrimination in Housing.**

- **Goal Seven: Provide the Public Facilities Necessary to Assure the Health, Safety and Welfare for all Residents of the Community.**
- **Goal Eight: Provide Planning, Development and Monitoring Administration Necessary to Carry out the Five Year Plan Objectives and Comply with Federal and Redevelopment Law Requirements.**

CITIZEN PARTICIPATION PROCESS

1. NOTIFICATION

As an entitlement jurisdiction under the federal Community Development Block Grant (CDBG) and Home Investment Partnerships Act (HOME) programs, the City of Santa Clara has an approved Citizen's Participation Plan, which was last updated on November 9, 1999. That plan outlines the process by which the annual Consolidated Plan is formulated and amended, and provides for and encourages citizens to participate in the development of that Plan. The City solicits participation in the various stages of development of the Consolidated Plan by public notices, direct mailings, public service announcements on the City cable channel and on the City's website. Public notices state that translation services and assistive listening devices for persons with disabilities are provided upon request.

In preparation for the Five-Year Plan and the 2005-06 Annual Plan, the City held a public hearing to solicit input on community needs on November 9, 2004. A public notice of this hearing was published in the *Santa Clara Weekly* on October 20, 2004, and notices were mailed to 48 organizations and individuals, soliciting input. A total of six oral and written comments were received at this hearing. A notice of availability of applications for CDBG and HOME entitlement funds was published in the *Santa Clara Weekly* on November 17, 2004. A total of 43 applications were distributed.

Public comment on the applications was provided at two public hearings: February 8, 2005 (public notice published January 5) and March 8, 2005 (public notice published February 2). A total of fourteen oral and written comments were received at the first hearing. A subcommittee of the Citizen's Advisory Committee (CAC) attended the first public hearing to listen to the public testimony. The CAC met and formulated its FY 2005-06 funding recommendations on February 28. Those recommendations were presented at the March 8 hearing. No oral or written comments were received at this second hearing. After concluding the second public hearing, the Santa Clara City Council approved an entitlement grant spending plan for the program year that begins July 1, 2005. On April 12, the City Council reconsidered funding for one Public Service program, Centre for Living with Dying.

On March 30, 2005, notice of the availability of the Consolidated Plan for public review and comment and of a public hearing on the Consolidated Plan was published in the *Santa Clara Weekly*. This notice summarized the Consolidated Plan and stated that the Plan was available at the City's main public library, City Clerk's office and H&CSD offices. No oral and written comments on the draft Consolidated Plan were received by the City. On May 10, a public hearing on both the Five-Year and Annual Plan was held.

2. CITIZEN SURVEYS

In preparing the City's 5-Year Plan, the City participated in two citizen surveys. In both surveys, participants were asked about their views regarding:

Housing needs, including rehabilitation, home purchase assistance, homeless and supportive housing services;

Community development needs, including public services, infrastructure, and community facilities; and

Economic development needs, including employment training, business assistance, and commercial building improvements.

Appendix I provides a detailed summary of both surveys.

Santa Clara County Telephone Survey: This survey was a telephone survey of 417 residents in Santa Clara County, conducted by J.D. Franz Associates between October 30 and November 13, 2004. Interviews were conducted in English or Spanish. The sample was selected based on random dialing techniques, but designed to capture a geographically representative sample by zip code area in the County. This sample was sufficient enough to achieve a margin of error of five percent or less for the County as a whole. The sample included 28 respondents (6.7% of the total) from the City of Santa Clara. That portion of the sample was too small to draw any statistically valid conclusions for City residents. A copy of the survey results can be obtained from the Housing & Community Services Division office at (408) 615-2490.

City of Santa Clara Mail-In Survey: This survey was mailed to over 55,000 addresses in the City of Santa Clara (including businesses and residences), as an insert in the “Inside Santa Clara” newsletter, between November 22 and November 30, 2004. The survey form was one sheet of paper, with questions on both sides. It was designed to be folded once and mailed back to H&CSD. Respondents had to provide a 37 cent stamp. The deadline for returning surveys was January 31, 2005. The City received 1,159 responses. Since participants were self-selected, the sampling was not random. Appendices I and II provide a detailed summary of this survey, including a comparison of the results from the countywide and City surveys.

3. CONSULTATION WITH OTHER PUBLIC AND PRIVATE ENTITIES

In addition to seeking comments from citizens and interested community groups, the City has consulted other entitlement jurisdictions in Santa Clara County, the Housing Authority of Santa Clara County, and interested city and countywide public committees, such as: Santa Clara Domestic Violence Council, the County Office of Women’s Advocacy, the County Homeless Coordinator, the Office on Human Relations, the Association of Bay Area Governments, AIDS Resources Information and Services, the Senior Access Consortium, Santa Clara County Mental Health Bureau, San Andreas Regional Center, Santa Clara County Public Health Department, County Childhood Lead Poisoning Prevention Program, Housing Choices Coalition, Santa Clara Police Department, County Social Services Agency, Greenling Institute, and various public service agencies directly and indirectly supported by the City. Santa Clara County has 8 entitlement cities and an urban county consortium. Representatives from those 9 entitlement jurisdictions meet on the order of six times a year to discuss countywide interests, including a 2005 Homeless Study and jointly funded projects. The committee regularly invites members of the public and HUD representatives. Studies, such as that prepared by a jointly-funded Consolidated Plan Consultant, and the Homeless Survey commissioned by the County Homeless Collaborative and funded by the entitlement jurisdictions, are reviewed and strategies are

discussed. The Housing Authority of Santa Clara County, the Fair Housing Collaborative and United Way Silicon Valley are regular participants.

For consultation purposes, a copy of the Consolidated Plan was submitted to the California Department of Housing and Community Development prior to Council adoption.

The City operates a housing rehabilitation program for low and moderate income homeowners. A Rehabilitation Loan Committee, which includes low-income members from the community, meets once each quarter to review housing rehabilitation loan applications and determines the scope of work and terms of financial assistance. The Committee also advises the City on program policy.

The City has adopted an Anti-Displacement and Relocation Plan, last updated in January, 1994. As appropriate, the City provides General Notices to any residents or businesses that might be subject to displacement due to a federally-funded project.

4. SUMMARY OF CITIZEN COMMENTS

None. **[SUMMARIZE ANY COMMENTS AND RESPONSES ON CON/ANNUAL PLAN]**

5. RESPONSES TO CITIZEN COMMENTS

None. **[SUMMARIZE ANY COMMENTS AND RESPONSES ON CON/ANNUAL PLAN]**

City Affordable Housing Programs and Financial Resources

The City has three primary sources of revenue to support the development of affordable housing: the Redevelopment Agency of the City of Santa Clara Affordable Housing Set-Aside (RDA), the Home Investment Partnerships Act (HOME) and the Community Development Block Grant (CDBG). The administration of these sources and the development of new housing and maintenance of existing housing are coordinated through the City's Housing and Community Services Division. The consolidation of the three programs took place in July, 2001. That consolidation enables the City to set and implement a comprehensive affordable housing strategy.

1. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The City is an entitlement city under the federal CDBG Program. The CDBG Program was first authorized under the Housing and Community Development Act of 1974. Funds may be used for a variety of activities benefiting low-income households, but they cannot be used for permanent, new housing construction. The City uses CDBG funds for administration (20%) public services (15%) and capital improvement (65%). Capital improvement activities include both housing and non-housing projects.

The FY 2005-06 entitlement is \$1,228,224, a 5% decrease from the current year. The President's proposed federal budget for the next program year eliminates the CDBG Program and transfers about two-thirds of its funding to a new Commerce Department grant program called "Strengthening America's Communities." Legislation authorizing this new program is not scheduled to be submitted to Congress until July, 2005. While information on this new program is sparse, its stated purpose is "a more consolidated approach that provides for greater flexibility, accountability, and targeting than any of the current approaches."¹ In February, 2005, HUD published an analysis of the current CDBG distribution formula that proposed four new formula alternatives. Two of the alternatives, if applied to the FY 2004-05 allocation, would have reduced the City's entitlement by over 30%; a third alternative would have reduced it by 5%.² Add to these initiatives the pressure on Congress to reduce domestic discretionary spending to address the federal budget deficit and it is clear that available CDBG funds are likely to decrease significantly over the next five years. Projecting a 5% annual decrease over each of the next five years, the City estimates that total available CDBG entitlement funds will be \$5,556,954. Using the FY 2004-05 entitlement as a base, that amount represents a loss of just under \$950,000 in actual dollars over the next five years.

The City has three major programs for which it uses federal funds. Over the last five years, the City has allocated each program about one-third of CDBG funds available for capital improvement activities.

- Rental Rehabilitation: Generally 100% affordable projects working with non-profit owners. Projects are usually targeted for special populations such as seniors, the homeless, persons

¹ United States Commerce Department, "FY 2006 Budget in Brief," p. 1.

² HUD, "CDBG Formula Targeting to Community Development Need," February, 2005, p. B-16.

with disabilities and extremely low income households. This program occasionally assists acquisition and rehabilitation of properties, usually intended as group homes for special populations, often in conjunction with HOME or RDA funds.

- Homeowner Rehabilitation: The NCIP Program assists low-income homeowners to undertake necessary repairs to maintain a safe and sanitary housing unit. Historically, about half the recipients are extremely low income, usually seniors. CDBG funds are usually focused on lower cost rehabilitation projects and accessibility modifications.
- Public Facilities: Usually involve accessibility modifications that bring existing public facilities in compliance with the Americans With Disabilities Act. On occasion, publicly-owned parks and infrastructure projects in identified low income neighborhoods are funded with CDBG.

2. HOME INVESTMENT PARTNERSHIPS ACT (HOME)

The City is a Participating Jurisdiction in the federal HOME Program. The HOME Program was first authorized under the Cranston-Gonzalez National Affordable Housing Act in 1990. It was designed to encourage entitlement jurisdictions, in collaboration with private organizations, to undertake activities and adopt policies aimed at expanding and improving the supply of affordable housing. The law maintains a preference toward rehabilitation. HOME funds are sometimes combined with RDA and/or CDBG funds. The City uses HOME funds for administration (10%) and housing capital projects (90%).

The FY 2005-06 entitlement is \$657,740, a 3% decrease over the previous year. The President's proposed federal budget for the next program year reduces the amount of HOME funds available to entitlement jurisdictions by 3.2%. Projecting a 3% annual decrease over the next five years, the City estimates that total available HOME funds will be \$3,097,210. Using the FY 2004-05 entitlement as a base, that amount represents a loss of just under \$350,000 in actual dollars.

Because of the limited amount of HOME funds, the City's HOME Program strives to leverage non-federal funds. Over the 13 years of the City's HOME Program, it has succeeded in leveraging just under six dollars for each HOME dollar spent. In addition, the City's HOME Program has focused on special needs populations that are extremely low income (ELI), households whose income is less than 30% of the Area Median Income (AMI), based on household size. Those two factors are the primary reason that the City's HOME Program was ranked by HUD first in California and third in the nation in 2004.

The City has four primary programs for using HOME funds. Because HOME projects must "fit" the City's available HOME funds, the City does not choose to allocate funds to specific types of projects. Instead, the City gives highest priority to proposed projects that meet three criteria: (1) Focus on ELI and very low households (VLI, whose income is 30-50 % of AMI); (2) Leverage a substantial amount of non-HOME funds; and (3) Are of an appropriate size and scope to benefit from the use of HOME funds.

- **Rental Rehabilitation.** Generally 100% affordable projects working with non-profit owners. The City has developed a HOME Rental Rehabilitation Program for private owners, but no owner has chosen to participate in the program because of the rent and income restrictions. Projects are usually targeted for special populations such as seniors, the homeless, persons with disabilities and extremely low income households. While focused on rehabilitation, this program also assists acquisition and rehabilitation of existing rental properties, usually in conjunction with RDA funds.
- **Homeowner Rehabilitation.** The City's Neighborhood Conservation & Improvement Program (NCIP) assists low-income homeowners to undertake necessary repairs to assure a safe and sanitary housing unit. HOME funds are usually focused on higher cost rehabilitation projects.
- **"Sweat Equity" Homeownership:** In the last five years, the City has developed a working partnership with Silicon Valley Habitat for Humanity. Because Habitat brings substantial in-kind contributions, particularly labor, it can effectively reduce home purchase prices to a level affordable to very low income households. Such projects generally need City help in obtaining land, and are often small, in-fill projects.
- **Homeless/Transitional Housing:** Assists non-profit housing organizations in new construction and acquisition of housing for special needs populations. HOME funds are often combined with RDA funds, which are the primary source of the City's HOME Program local match. The beneficiaries of this program are primarily extremely low income.

3. REDEVELOPMENT AGENCY AFFORDABLE HOUSING SET-ASIDE (RDA)

State law requires that 20% of annual tax increment from redevelopment project areas be used for affordable housing. Beginning in July, 2002, the Redevelopment Agency increased the set-aside to 30%, which remains in effect for FY 2004-05. City Council reviews the need for these additional funds on an annual basis.

For the period July 1, 2005 to June 30, 2010, the current RDA Implementation Plan projects revenues of \$29,226,145 from the required 20% Set-Aside. Maintaining the 30% set-aside for the full five years projects to \$43,520,097 available for affordable housing. The implementation Plan sets aside up to 10% of those funds for administration, as allowed by Redevelopment Law. Historically, the City has used less than 3% of the set-aside funds for administration. The proposed decrease in federal entitlement funds, coupled with the need to manage an increasing portfolio of long-term affordable housing projects, makes it likely that the City will need to allocate an increasing portion of RDA funds to administer its affordable housing activities.

RDA Administration funds have also been used to fund several affordable housing service agencies supported by the City. Eight housing services, including transitional housing support for homeless families, persons with disabilities, seniors, and survivors of domestic violence, a shared housing broker, mortgage credit counseling and first-time homebuyer training, and fair housing services, are funded with RDA funds. These programs target ELI and VLI households.

The City has five primary programs for using these funds. The Implementation Plan allocates 66% of RDA funds for “affordable housing development” and another 9% for senior housing. Rental Housing Development, the Below Market Rate (BMR) and Below Market Purchase (BMP) programs all share this allocation.

- **Rental Housing Development:** Generally 100% affordable projects using non-profit agencies as developers. A high portion of units developed are affordable to very low income households (less than 50% of AMI). Some projects are targeted for special populations such as seniors, the homeless and persons with disabilities. While usually focused on new construction projects, this program also assists acquisition of existing rental properties.
- **BMR:** The City has an inclusionary zoning ordinance which requires that all new rental developments of at least 10 housing units set aside 10% of the units for below market rate rental. The RDA negotiates with the developer to provide subsidies for the BMR units. These units are focused on low income households (less than 80% of AMI).
- **BMP:** The City’s inclusionary zoning ordinance also applies to new construction for home ownership. The RDA negotiates an affordable purchase price and provides a subsidy to the buyer. These units are focused on low and moderate income households.

First-Time Homebuyer: Makes deferred second loans of up to \$50,000, which extend the purchaser’s buying power. Historically, the program was focused on medium income households (less than 110% of the area median income based on household size). Recently, low interest rates have enabled a few low income households to participate in this program. The Implementation Plan allocates 10% of RDA funds to this program.

Homeless/Transitional Housing: Assists non-profit housing organizations in new construction and acquisition of housing for special needs populations. These RDA funds are often combined with HOME funds and are the primary source of the City’s HOME Program local match. The beneficiaries of this program are primarily extremely low income. The Implementation Plan allocates 5% of RDA funds to these projects.

4. ESTIMATE OF TOTAL AVAILABLE FUNDS, 2005-2010

Table 1
Estimated City/RDA Funds for Affordable Housing and Community Needs

Funding Source	Estimated Available Funds
Community Development Block Grant	\$ 5,560,000
Home Investment Partnerships Act	\$ 3,100,000
CDBG/HOME Program Income	\$ 1,200,000
General Fund	\$ 200,000
RDA Affordable Housing Set-Aside	\$29,240,000
Estimated Funds Available for 2005-2010	\$39,300,000

DESCRIPTION OF HOUSING NEEDS

Characteristics of City's Housing Stock

This section addresses characteristics of the housing supply in the City of Santa Clara, including type, age, condition, costs, and availability. The implications of these housing characteristics with respect to housing programs are also examined.

The City of Santa Clara is located in the geographic center of the Santa Clara County metropolitan area. The 2000 Census counted 102,361 persons in the City, an increase of 9.3% over 1990. For the year 2005, the Association of Bay Area Governments (ABAG) projected a City population of 108,700, which would represent 6.2% of a projected Santa Clara County population of 1,750,100. In the next five years, the City's population is expected to increase by 8,700 (8.0%) as compared to a County projected population growth of 4.9%. The City is projected to produce 9,950 new jobs and have 5,670 more employed residents during that same period.

In the 1980's, the City's senior population was growing faster and youth population was growing slower than the population as a whole. During the 1990's, both populations grew faster than the age group 18-64. The net result of these changes was an increase in the median age of residents (from 32.4 to 33.4) and an increase in mean household size (from 2.49 to 2.58). ABAG projects that the average household size will decrease slightly, to 2.56, by 2010.

1. INCREASE IN NUMBER OF HOUSING UNITS

The 2000 Census reported 38,526 occupied housing units in the City of Santa Clara, representing an increase of 5.4% since 1990 (Table 2). The City's housing growth was below the County increase of 7.2%. Based on ABAG estimates, the City is projected to have a 13% increase in housing units between 2000 and 2010. This level of increase is considerably greater than the growth estimated for the County for that period. The construction of over 3,000 housing units in the West Agnews Developmental Campus between 2000 and 2005 accounts for most of that increase

Table 2
Growth in Number of Housing Units

Jurisdiction	Housing Units				Percent Change	
	1990	2000	2004	2010	1990-2000	2000-2010
Santa Clara	36,545	38,526	41,915	43,600	5.4%	13.2%
Santa Clara County	540,240	579,329	600,707	629,360	7.2%	8.6%

Sources: 1990 and 2000 Census; 2004 California Dept. of Finance E-5a Report; ABAG Projections 2003.

2. HOUSING TYPE

Although single-family homes account for the majority of the housing types in the City, there are almost as many multiple-family units. According to the California Department of Finance

estimates, single-family housing accounted for slightly over half of the housing stock in the City, while multiple-family housing accounted for almost half (Table 3). The City has issued building permits for 1,175 single family (235 per year) and 1,575 multi-family units (315 per year) in the five years since the Census. Faced with limited land suitable for residential construction, new housing construction has been higher density housing than the previously-existing City stock.

Table 3
Housing Type – 2004

Jurisdiction	Total Housing Units	Housing Type		
		Single Family	Multiple Family	Mobile home
Santa Clara	38,526	52.4%	47.3%	0.3%
Santa Clara County	579,329	63.9%	32.8%	3.3%

Source: 2004 California Dept. of Finance E-5a Report

3. HOUSING TENURE AND VACANCY

The tenure of a community's housing stock (owner versus renter) influences several aspects of the local housing market. Tenure preferences are primarily related to household income, composition, and age of the householder. The stability of single-family residential neighborhoods is influenced by tenure, with ownership housing evidencing a much lower turnover rate than rental housing. Housing overpayment (cost burden), while faced by many households regardless of tenure, is more prevalent among renters, because renters tend to have significantly lower incomes than homeowners, in relation to their housing costs.

The City of Santa Clara is a majority renter-occupied community, with 53.9 percent of households being renter-occupied (Table 4). This trend is partially explained by the large amount of multi-family housing in the City. The higher percentage of renter-occupancy than multi-family units suggests that a significant number of single-family homes are rented as well.

Table 4
Housing Tenure

Jurisdiction	2000		%Vacant
	Owner %	Renter %	
Santa Clara	46.1%	53.9%	2.78%
Santa Clara County	59.8%	40.2%	2.31%

Sources: 2000 Census; 2004 California Dept. of Finance E-5a Report

The availability of housing to those looking for a home primarily depends on the number of unoccupied units for sale or rent at any one time. The percentage of such homes is the effective vacancy rate. The effective vacancy rate varies from month to month and typically follows economic trends. In general, a vacancy of at least five percent assures that consumers have adequate choices when looking for housing. At that rate, vacant units are available to facilitate mobility and property owners should be able to increase rents moderately without placing undue

burden on tenants. When vacancy rates drop below five percent, the increased demand and reduced supply allow rental rates and housing prices to rise disproportionately to household income. In 2004, Real Facts reported an average vacancy rate of 5% in rental housing in the City, as compared to less than 1% in 2000. The comparative County numbers are 6% and 1.3%.

4. AGE OF HOUSING STOCK

The age of housing is commonly used by housing programs as a factor to estimate rehabilitation needs in communities. Typically, most homes begin to require major repairs or have significant rehabilitation needs at 30 or 40 years of age. Approximately 61% of the City's housing stock is over 35 years old (Table 5). By comparison, approximately 49.9 percent of the County's housing stock is 35 years of age or older. The City's Housing Element estimated that 3,567 housing units, or approximately 9 percent of the 39,602 dwelling units, are in need of repair or rehabilitation. Of the 3,567 units, it is estimated that 44 percent are occupied by lower income households. The typical beneficiary of the City's housing rehabilitation program is a senior, white household, although about 20% of the beneficiaries are Hispanic owners.

Table 5
Age of Housing Stock: 2000

Year Built	Number of Units	Percent of Total
1939 or earlier	1,359	3.4%
1940-1949	2,315	5.8%
1950-1959	11,169	28.2%
1960-1969	9,418	23.7%
1970-1979	8,013	20.2%
1980-1989	4,101	10.3%
1990-2000	3,227	8.1%
Total	39,602	100.0%

Source: 2000 Census

In an effort to improve overall housing conditions, the City operates a Code Enforcement program. Several departments perform the code enforcement function for the City. Identification of potential code violations occurs primarily through informal field observations, as well as complaints received from residents. The City utilizes general funds to finance code enforcement activities. In the Resident Mail-In Survey, Code Enforcement was identified as the fourth highest need by City residents.

5. HOUSING DEFICIENCIES

Available Census data offers two indicators of housing stock deficiencies: the number of units lacking complete plumbing and kitchen facilities. As indicated in Table 10, 173 units in the City lacked complete plumbing, and 297 were without kitchen facilities. It cannot be determined if

any units had both deficiencies. Concerning plumbing, the rate of substandard units was slightly lower for the City than for the County. However, the substandard unit rate regarding kitchen facilities was higher in the City. In both cases, the portion of substandard units is less than 1%.

Table 6
Housing Stock Deficiencies: 2000

Jurisdiction	Units Lacking Complete Plumbing		Units Lacking Complete Kitchen Facilities	
	Number of Units	% of Total Units	Number of Units	% of Total Units
Santa Clara	173	0.43%	297	0.74%
Santa Clara County	2,867	0.47%	3,289	0.54%

Source: 2000 Census

As there have been no condemnations within the City for several years and the City has an aggressive rehabilitation program, there are no known residential units in need of replacement.

6. OVERCROWDING

Overcrowding is usually a reflection of a household's inability to afford a large enough residence. It manifests itself in large families or more than one household occupying a single housing unit. According to the 2000 Census, 9.8% of the City's households were large families (5 or more persons). The City Building Inspection Division conducts triennial inspections of all residential buildings of three or more units for compliance with State Housing and Building Code requirements. This inspection program includes an assessment of possible overcrowding, based on State Code requirements. Citizen complaints about possible overcrowding in other types of residential units are also investigated. The Housing Element estimates that 3,020 units of occupied housing units are overcrowded. Most of the City's rental housing (84%) consists of one and two bedroom units. The mean number of bedrooms is 1.64 per rental housing unit. Over 85% of rental housing units have less than 1 occupant per room.

7. LEAD-BASED PAINT HAZARDS

Lead poisoning is the number one environmental hazard to children in America today. Approximately 434,000 children across the U.S. aged one to five years have lead blood levels greater than the Center for Disease Control (CDC) recommendations. Lead poisoning causes IQ reductions, reading and learning disabilities, decreased attention span and hyperactivity and aggressive behavior. Several factors contribute to higher incidences of lead poisoning:

- Children under two are especially vulnerable
- Low Income children are at eight times higher risk for lead poisoning than wealthy children
- Black children have five times higher risk than White children
- Hispanic children are twice as likely as White children to have lead poisoning
- Children in older housing are at higher risk

- Up to 50 percent of children in distressed neighborhoods have some level of lead poisoning

Lead-based paint (LBP) is a major source of lead poisoning. Starting in 1978, the use of all lead-based paint on residential property was prohibited. National studies estimated that 75 percent of all residential structures built prior to 1978 contain LBP and that older structures have the highest percentage of LBP. The age of the housing stock is the key variable for estimating the number of housing units with lead-based paint. In assessing the potential LBP hazard of these older structures, several factors must be considered. First, not all units with lead-based paint have lead-based paint hazards. Only testing for lead in dust, soil, deteriorated paint, chewable paint surfaces, friction paint surfaces, or impact paint surfaces provides information about hazards. Properties more at risk than others include:

- Deteriorated units, particularly those with leaky roofs and plumbing
- Rehabilitated units where there was not a thorough cleanup with high-phosphate wash after the improvements were completed

County Health has identified “hot spots” that are likely areas of significant incidents of lead poisoning and tracks the geographic distribution of lead-poisoning cases in the County. Based on three indicators, poverty, population under age six, and pre-1950 housing, the Health Department has identified seven census tracts in the City as “Lead Hot Zones”, where instances of lead-based paint poisoning are more likely to occur; no cases have been reported in three of those zones since 1992. Citywide, an estimated 4,883 units occupied by lower income households may contain LBP (Table 7). Since 1992, a total of 17 lead poisoning cases have been opened for City residents. This figure represents 2% of the cases opened countywide.

Table 7
Number of Housing Units with Lead-Based Paint
Occupied by Lower Income Households

Year Units Built	No. of Units Occupied by Lower Income Households			Estimated Percent Units with LBP ²	Estimated No. of Units with LBP and Occupied by Lower Income Households		
	Extremely Low (0-30% AMI) ¹	Very Low (31-50% AMI)	Low (51-80% AMI)		Extremely Low (0-30% AMI)	Very Low (0-50% AMI)	Low (51-80% AMI)
Before 1970	650	1,794	4,068	75%	487	1,345	3,051

¹ Owner-occupied units for extremely low income group not available. Figure includes only rental units.

² Based upon national studies.

Source: HUD CHAS Data, 2003.

DESCRIPTION OF HOUSING NEEDS

Housing Costs and Affordability

1. HUD INCOME CATEGORIES

For purposes of housing and community development resource programming, HUD has established different income definitions based on the Median Family Income (MFI). Those definitions are applied to the Area Median Income (AMI) for a given Metropolitan Statistical Area (MSA). Table 8 details the income category definitions, and what the maximum, annual household income is for households of 1-6 persons.

Table 8
HUD Income Guidelines: 2005

Income Group	%of Area Median	Maximum Household Income Based on Household Size by Income Group Category					
		1	2	3	4	5	6
Extremely Low Income	0-30%	\$22,300	\$25,450	\$28,650	\$31,850	\$34,400	\$36,900
Very Low Income	31-50%	\$37,150	\$42,450	\$47,750	\$53,050	\$57,300	\$61,550
Low Income	51-80%	\$59,400	\$67,900	\$76,400	\$84,900	\$91,650	\$98,450
Middle Income	81-95%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
High Income	Above 95%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Source: HUD Income Limits, 2005.

Note: CDBG Regulations define Very Low Income as Low Income and Low Income as Moderate Income.

The CDBG and HOME programs are not available for households above 80% of AMI. Some of the housing programs funded by the Redevelopment Agency Affordable Housing Fund are available for Middle and High Income households, up to 110% AMI.

2. OWNERSHIP HOUSING COSTS

The City of Santa Clara, like the rest of the County, has experienced over two decades of escalating home prices, well above that of national trends. The primary dynamic behind this long-term trend has been the excess of jobs as compared to population. In 2000, the County had 1,044,130 jobs and a population 1,682,585. In the City, the disparity was even greater, as there were 131,690 jobs and a population of 102,361. In 2000, 57,504 residents (56.2% of the City's population) were in the labor force. Thus, less than half the jobs in the City could be filled by City residents. Such a disparity was obviously reflected in the skyrocketing cost of housing. For 2005, the Association of Bay Area Governments (ABAG) estimated a City total of 110,030 jobs and a population of 105,800. Despite the loss of over 20,000 jobs, the City still has an excess of jobs over residents in the labor force of over 50,000.

This continued disparity, despite the economic downturn, has continued to fuel ownership housing price increases. According to the California Association of Realtors, the median price for a home in the City of Santa Clara rose 23 percent between September, 2003 and September, 2004

(Table 9). The percent change was almost 10 percent greater than that for Santa Clara County overall.

Table 9
Median Home Prices, 2003-2004

Location	Median Home Prices		Percent Change
	September 2004	September 2003	
Santa Clara County	\$549,000.00	\$479,000.00	14.60%
Campbell	\$550,000.00	\$521,000.00	5.60%
Cupertino	\$739,000.00	\$620,000.00	19.20%
Gilroy	\$550,000.00	\$462,000.00	19.00%
Los Altos	\$1,264,250.00	\$1,120,000.00	12.90%
Los Gatos	\$902,500.00	\$716,000.00	26.00%
Milpitas	\$515,000.00	\$438,000.00	17.60%
Morgan Hill	\$620,000.00	\$550,000.00	12.70%
Mountain View	\$600,000.00	\$500,000.00	20.00%
Palo Alto	\$750,000.00	\$830,000.00	-9.60%
San Jose	\$515,000.00	\$456,000.00	12.90%
Santa Clara	\$569,000.00	\$462,500.00	23.00%
Saratoga	\$1,259,000.00	\$1,091,250.00	15.40%
Sunnyvale	\$550,000.00	\$526,500.00	4.50%

Source: California Association of Realtors, 2004.

Every year, the National Association of Home Builders (NAHB) tracks the ability of households to afford a home in almost 2,000 metropolitan areas across the country. NAHB develops a Housing Opportunity Index (HOI) for a given area that is defined as the share of homes sold in that area that would have been affordable to a family earning the median income. The San Jose metropolitan area was among the least affordable areas in the nation. In 2002, only 20.1 percent of the homes sold in the San Jose metropolitan area were affordable to families with the median income. As the HOI Index drops, lower income families are most acutely affected. The current prices may be attributable to a housing shortage caused by a continuing decline in housing production during the 1990s, consistent strong demand, and reasonable mortgage rates. While the high technology sector boom has passed, housing prices have continued to increase in the City.

3. OWNERSHIP AFFORDABILITY

Housing affordability is dependent upon income and housing costs. Using updated income guidelines, current housing affordability in terms of home ownership can be estimated for the various income groups. According to the HUD income guidelines for 2005, the AMI in the San Jose MSA for a family of four persons is \$105,500. Based upon this AMI, the maximum income level for an ELI household is \$31,850. For a VLI household, the maximum level is \$53,050, and for a Low Income (LI) household (51-80% of AMI) it is \$84,900. It should be noted that HUD income limits are adjusted according to household size. Therefore, income levels would be different for a household of two or a family of six.

Assuming that the potential homebuyer within each income group has sufficient credit, sufficient down payment (10 percent), and maintains affordable housing expenses (i.e. spends no greater than 30 percent of their income on the mortgage, taxes and insurance), the maximum affordable prices for homes within the City are presented in Table 10. Maximum affordable home prices are based on a household at the top of that income category and for a household size of four. Given the median home prices shown in Table 9, home ownership is beyond the reach of ELI and VLI households. Most LI households may only be able to afford condominium units or small-size single-family homes with financial assistance. This analysis is confirmed by the experience of the City's First-Time Homebuyer and Below Market Price home ownership programs. Over the last five years, only 11.4% of participants in the programs have been at or below 80% of AMI, and all of those were at or above 75% of AMI.

Table 10
Affordable Housing Costs by Income

Income Group	Median Income	Monthly Affordable Payment	Property Taxes, Insurance	Maximum Affordable Home Price
Extremely Low (0-30% AMI)	\$31,850	\$650	\$189	\$97,560
Very Low (31-50% AMI)	\$53,050	\$1,082	\$316	\$162,630
Low (51-80% AMI)	\$84,900	\$1,732	\$504	\$260,190
	Income Req'd			Median Price
Needed to Purchase Median Price Home	\$195,600	\$3,788	\$1,102	\$569,000
Note: Calculation of affordable mortgage and home price based on a 7% interest rate, 10% down payment, and Area Median Family Income of \$105,500 for 2004. Sources: HUD Income Levels, 2004; www.ntmortgage101.com				

Adjusting for income growth since the 2000 Census, Table 11 indicates the median income of Santa Clara households by race and Hispanic ethnicity and the percentage of households in each group that can afford a median priced home. Less than 20% of the City's households can afford a median-priced house. The portion of Hispanic and Black households that can afford a median-priced home is significantly less. The experience of the City's two homebuyer programs reflects those numbers. In the last five years, less than 10% of beneficiaries have been Hispanic (16% of population in the 2000 Census) and less than 1% have been Black (2.3% of population in the 2000 Census).

In 2002, President Bush set a national goal of adding 5.5 million minority homeowners by 2010. As Table 11 demonstrates, and the City's homebuyer programs have experienced, contributing to that goal in Santa Clara will be problematic, and would require significantly increased subsidies.

Table 11
Median Household Income by Race/Hispanic Ethnicity

Income Group	All Households	Asian Households	White Households	Hispanic Households	Black Households
Median Household Income	\$69,466	\$79,292	\$67,250	\$56,793	\$49,512
Percent w/Income \$195K+	19.4%	21.4%	19.1%	15.4%	11.7%
Note: Calculation of income based on Census 2000 plus 20% increase in median income in San Jose MSA between 2000 and 2005, based on HUD published income levels.					

4. Rental Housing Costs and Affordability

The City of Santa Clara is a majority renter-occupied community, with approximately 54 percent of the households being renters. The high cost of homeownership has priced households with incomes under 80% of AMI out of the homeownership market. Given the job-to-residents disparity in the City, one might expect an upward pressure on market rents, similar to that experienced in home prices. In fact, the opposite has occurred.

Stimulated by the booming County in the late 1990's, median rents increased almost 60% between 1993 and 1999. During that same period, median incomes rose only 48%. Table 12 shows the impact of the post-2000 economic downturn on market rents.

Table 12
Comparison of Market Rents in Santa Clara
1999-2004

Number of Rooms	1999 Median Rent	2004 Median Rent	Percent Increase (Decrease) 1999 to 2004
Studio	\$853	\$894	4.8%
1 Bedroom	\$1,319	\$1,155	(12.4%)
2 Bedroom	\$1,537	\$1,414	(8.0%)
3 Bedroom	\$1,693	\$1,624	(4.1%)

Source: RealFacts Online

The rents for one and two bedroom apartments, the predominant type of multi-family rental housing available in the City, decreased about 10% over the last five years. During that same period, according to income statistics from HUD, median incomes increased by about 20%. The result of those two trends, as demonstrated in Table 13, is that the maximum affordable rents for Low Income Households are greater than the market rent. Thus, in the current market, no subsidy is required to make rents affordable to Low Income Households.

Table 13
Comparison of 2004 Market Rents in Santa Clara
With Affordable Rent Levels

Unit Size	2004 Market Rent	Low Income (50-80% AMI) Affordable Rent	Very Low Income (30-50% AMI) Affordable Rent	Extremely Low Income (Under 30% AMI) Affordable Rent
Studio	\$894	\$1,114	\$928	\$558
1 Bedroom	\$1,155	\$1,273	\$995	\$636
2 Bedroom	\$1,414	\$1,433	\$1,193	\$716
3 Bedroom	\$1,624	\$1,592	\$1,379	\$796

Source: RealFacts Online; California Dept of Housing & Community Development

Except for several HOME projects targeting special needs population, affordable rental projects subsidized by the City have set affordable rents at Low Income and Very Low Income levels. At the VLI Affordable Rent, an ELI household would have to spend more than 50% of its income for housing. Over the last five years, non-profit owners of rental housing in the City have consistently kept their rents 15-25% below the affordable levels for Very Low Income, even for those units that are only required to be affordable to Low Income Households. Rents in these projects are affordable at 35-40% of AMI.

5. Estimates of Current Housing Needs

There are two elements that comprise the City's current housing needs. First, existing residents who are experiencing housing problems, the most significant of which is the cost of their housing. A total 4,775 households in the City pay more than 50% of their income for housing. The second element is the need for new housing units to increase the supply of housing. Here, the primary issue is cost of land suitable for residential development. Recently, the City purchased a 2.4 acre parcel at a cost of \$2,186,335/acre. Even with a medium density development, the land cost per housing unit is approximately \$100,000.

This section focuses on residents who are experiencing housing problems. The Comprehensive Housing Affordability Strategy (CHAS) developed by the Census for HUD provides detailed information on housing problems, by income level and different types of households. Detailed CHAS data based on the 2000 Census is displayed in Table 14. Based on CHAS, housing problems include: 1) units with physical defects (lacking complete kitchen or bathroom); 2) overcrowded conditions (housing units with more than one person per room); 3) housing cost burden, including utilities, exceeding 30 percent of gross income; or 4) severe housing cost burden, including utilities, exceeding 50 percent of gross income. The types of problems vary according to household income, type, and tenure. Households may experience multiple problems. Cost burden, however, stands out as the predominate housing problem for lower income households.

Table 14
Housing Problems by Household Income

Name of Jurisdiction: Santa Clara city, California			Source of Data: CHAS Data Book			Data Current as of: 2000					
Household by Type, Income, & Housing Problem	Renters					Owners					Total Households
	Elderly 1 & 2 member households (A)	Small Related (2 to 4) (B)	Large Related (5 or more) (C)	All Other Households (D)	Total Renters (E)	Elderly 1 & 2 member households (F)	Small Related (2 to 4) (G)	Large Related (5 or more) (H)	All Other Households (I)	Total Owners (J)	
1. Household Income <=50% MFI	1,423	1,764	639	1,753	5,579	1,909	466	129	363	2,867	8,446
2. Household Income <=30% MFI	958	889	214	1,005	3,066	874	149	10	249	1,282	4,348
3. % with any housing problems	80.7	86.5	100.0	80.6	83.7	46.2	86.6	100.0	81.9	58.3	76.2
4. % Cost Burden >30%	79.9	83.8	83.6	78.6	80.9	46.2	86.6	100.0	80.3	58.0	74.1
5. % Cost Burden >50%	55.8	74.8	67.3	73.6	68.0	31.9	86.6	100.0	76.3	47.4	61.9
6. Household Income >30% to <=50% MFI	465	875	425	748	2,513	1,035	317	119	114	1,585	4,098
7. % with any housing problems	73.1	91.4	92.9	88.0	87.3	26.1	74.8	70.6	69.3	42.3	69.9
8. % Cost Burden >30%	73.1	85.1	64.7	86.6	79.9	26.1	70.3	62.2	69.3	40.8	64.8
9. % Cost Burden >50%	35.5	37.1	5.9	53.3	36.4	14	55.2	46.2	43.9	26.8	32.7
10. Household Income >50 to <=80% MFI	209	1,060	350	720	2,339	690	454	129	170	1,443	3,782
11. % with any housing problems	59.3	77.4	88.6	75.0	76.7	23.9	43.8	76.7	67.6	40.1	62.7
12.% Cost Burden >30%	52.2	52.8	27.1	70.8	54.5	23.9	43	69	67.6	39.1	48.6
13. % Cost Burden >50%	16.7	5.2	0.0	17.4	9.2	12.3	9.9	26.4	32.4	15.2	11.5
14. Household Income >80% MFI	419	6,079	939	5,405	12,842	2,099	7,360	1,600	2,380	13,439	26,281
15. % with any housing problems	17.7	30.3	69.1	14.2	25.9	9.0	20.9	44.4	25.2	22.6	24.2
16.% Cost Burden >30%	9.3	7.7	2.6	10.6	8.6	8.8	17.3	10.3	24.2	16.4	12.6
17. % Cost Burden >50%	0.0	0.1	0.4	0.8	0.4	2.1	2.0	0.9	2.3	2.0	1.2
18. Total Households	2,051	8,903	1,928	7,878	20,760	4,698	8,280	1,858	2,913	17,749	38,509
19. % with any housing problems	63.9	47.5	81.3	35.2	47.6	21.9	25.4	48.6	34.3	28.4	38.7
20. % Cost Burden >30	61.1	28.3	29.7	32.0	33.1	21.8	22.0	18.2	33.3	23.4	28.6
21. % Cost Burden >50	35.8	11.8	9.0	16.6	15.7	11.8	6.0	6.1	12.0	8.5	12.4

Abbreviation: Hhds = Households.

Note: Data presented in this table is based on special tabulations from sample Census data. The number of households in each category usually deviates slightly from the 100% count due to the need to extrapolate sample data out to total households. Interpretations of this data should focus on the proportion of households in need of assistance rather than on precise numbers.

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Databook, 2000.

Significant highlights include the following:

- In general, renter households had a higher level of housing problems (47.6%) compared to owner households (28.4%). Cost burden was a major component of these problems.
- A total of 3,259 renter households paid more than 50% of their income for housing. Of that number, 2,085 were ELI and another 915 were VLI. By contrast, 1,509 owner households had a greater than 50% housing cost burden.
- Large family households, both renters and owners, had the highest level of housing problems regardless of income level. A total of 154 extremely low-income large families, 144 of whom were renters, paid more than 50% of their income for housing. Overcrowding is also common among large family households.
- Small family households also experienced high levels of housing problems. Among renters, 769 extremely low income and 800 very low income households had at least one housing problem, primarily cost burden.

Elderly renter households experienced housing problems almost three times in greater proportion (63.9%) than elderly owner households (21.9%). Cost burden was a major component of housing problems for elderly renter households. A total of 734 elderly renter households paid more than 50% of their income for housing.

6. Disproportionate Housing Need

Disproportionate housing need refers to any need that is more than 10 percentage points above the need demonstrated for the all households. For example, 81.3% of large renter families (a subset of renter households) experienced housing problems, compared to 47.6% of all renter households and 38.7% of all households. Thus, large families that are renting have a disproportionate need for housing assistance. County figures are included for comparative purposes, but are not used to determine disproportionate housing need in the City of Santa Clara.

Extremely Low Income Households (0-30 Percent AMI): Compared to the percentage of the City population with a housing problem (38.7%), ELI households experienced a disproportionate housing need. In this income group, 76.2% of all households had housing problems, compared to the County total of 77.1%. Specifically, a higher percentage of renter households (83.7%) had housing problems compared to owners (58.3%). As previously noted, all ELI large families had housing problems. Only elderly owner households did not meet the standard for disproportionate housing need in this income category.

Very Low Income Households (31-50 Percent AMI): Approximately 69.9% of all VLI households experienced one or more housing problems, compared to the County total of 73.5%. Thus, VLI households also have a disproportionate need compared to the general population. Again, renters experienced a greater need compared to owners, as 87.3% of renters experienced some type of housing problem, compared to 42.3% of owner households in this income group. Specifically, VLI

large family renter households had the greatest level of need of all VLI households, with almost 93% facing some type of housing problem. Close behind were small family renter households (91.4%). Again, only elderly owner households did not have a disproportionate housing need.

Low Income Households (51-80 Percent AMI): Approximately 62.7% of all LI households experienced housing problems, compared to the County total of 64.4%. As with VLI and ELI households, a higher proportion of LI households (76.7%) had housing problems compared to owner households (40.1%). Large family renter households experienced the highest percent of housing problems compared to other LI households (88.6%). All subgroups met the standard for disproportionate housing need, except for elderly owner households and small family owner households.

Large Households: Large households, those with five or more persons, have special housing needs due to their income and the lack of adequately sized, affordable housing. As a result, large households often live in overcrowded conditions. The 2000 Census reports 3,786 households with five or more members in the City of Santa Clara, representing 10.4% of the total households (Table 15). The comparable figure for the County in 2000 was 15.5%. Large owner-occupied households were slightly more prevalent (10.6%) than large renter-occupied households (10.2%). The special census tabulations for HUD further indicates that among the large households in the City, approximately 64.7% experienced some form of housing problem, compared to the County total of 52.3%. As previously mentioned, housing problems include overcrowding, cost burden, or substandard housing conditions. This illustrates that The City has a need for affordable housing units with three or more bedrooms.

Table 15
Large Household Profile

	Percent of Total Households¹	Percent Lower Income²	Percent with Housing Problems²
Large Households	10.4%	32.9%	64.7%
All Households	100.00%	31.7%	38.7%

Note: "Lower income" means households earning 80 percent or less of median income.

Sources: 1) 2000 Census . 2) HUD CHAS, 2003

7. New Construction Needs

On June 15, 2004, the Redevelopment Agency of the City of Santa Clara adopted its Implementation Plan. The City created its Redevelopment Agency, in accordance with the provisions of the California Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*), to combat urban blight. The Implementation Plan includes the Agency's specific goals and objectives for each redevelopment project area, the programs and expenditures proposed for these areas, and an explanation of how the goals, objectives, programs and expenditures will eliminate blighting conditions. Two redevelopment areas have been designated in the City. The Implementation Plan covers the time period July 1, 2004 – June 30, 2014.

Based on estimates by the Association of Bay Area Governments (ABAG), the Implementation Plan projected housing needs for the very low-, low- and moderate-income categories for two separate time

periods. One was for a 7½ -year period from 1999 to 2006. The other time period is for another 7½ years from 2006 to 2014. Extrapolating from the totals for each period to determine the City's housing need for the period 2005-2010, the projected housing needs are presented in Table 16 below. As the table indicates, the highest new construction need for affordable housing is for units affordable to very low and moderate income households. The ABAG housing needs projections do not include a separate ELI Income Level.

Table 16 New Construction Housing Needs, 2005-2010				
Income Level	Projected Need (2005-2010)	Percent of Total Housing Need	Units in Pending Projects	Percent of Projected Need
Very Low Income (0-50% of AMI)	1,151	24.2%	173	15.0%
Low Income (50-80% of AMI)	352	7.4%	58	16.5%
Moderate Income (80-120% of AMI)	1,693	35.6%	132	8.0%
Total Very Low, Low and Moderate Income	3,096	67.2%	363	11.7%

Note: Remaining housing needs, pending units, are for 120%+ of AMI.

Source: Implementation Plan July 1, 2004 – June 30, 2014, Redevelopment Agency of the City of Santa Clara, 2004.

The projected need for new construction of Very Low Income Housing does not take into account very low income residents in existing units who are paying more than 50% of their income. Adding those numbers to the new construction needs indicates a need for 5,182 housing units for VLI households, 787 units for LI households, and 2,002 units for Moderate Income households.

8. Five Year Housing Needs and Priorities

Table 17, below, summarizes the City's Housing Needs for households with an annual income less than 80% of AMI, described in this document as Lower Income households. The Unmet Needs are based on Tables 14 and 16. From Table 14, all housing units with problems are included. Table 16 Very Low Income units are allocated to ELI and VLI and Household Type based on the distribution in Table 14.

The Unmet Needs totals 9,984 households, including the City's lower income new construction allocation of 1,503 housing units. Of lower income households with a housing problem, 7,715 are paying more than 30% of their income for housing. The unmet housing needs of the 9,984 lower income households can be summarized as follows (percentage does not equal 100% because some households may be included in more than one category):

- New Construction: 1,503 units (15.1% of unmet need).
- Rehabilitation: 1,569 units (15.7% of unmet need).
- Cost Burden 30-50% of Income: 3,249 units (32.5% of unmet need).
- Cost Burden >50% of Income: 4,466 (44.7% of unmet need).

**Table 17 (HUD Table 2A)
Five Year Housing Needs and Priorities**

		Income	Priority Need Level	Unmet Need	Goals
Renter	Small Related	0-30% AMI	HIGH	798	120
		31-50% AMI	HIGH	731	60
		51-80% AMI	LOW	763	0
	Large Related	0-30% AMI	HIGH	192	25
		31-50% AMI	HIGH	277	25
		51-80% AMI	MEDIUM	202	0
	Elderly	0-30% AMI	HIGH	860	120
		31-50% AMI	HIGH	388	60
		51-80% AMI	LOW	150	0
	All Other	0-30% AMI	HIGH	903	25
		31-50% AMI	HIGH	712	25
		51-80% AMI	LOW	519	0
Owner	Small Related	0-30% AMI	HIGH	134	20
		31-50% AMI	HIGH	265	20
		51-80% AMI	HIGH	327	30
	Large Related	0-30% AMI	LOW	9	0
		31-50% AMI	HIGH	78	5
		51-80% AMI	HIGH	75	5
	Elderly	0-30% AMI	HIGH	785	75
		31-50% AMI	HIGH	865	50
		51-80% AMI	HIGH	497	10
	All Other	0-30% AMI	HIGH	224	3
		31-50% AMI	MEDIUM	108	0
		51-80% AMI	LOW	122	0
Special Needs Populations		0-80% AMI	HIGH	(1)	45
(1) Included in numbers above.			Total Goals		725
			Section 215 Rental Goals ³		605
			Section 215 Owner Goals ⁴		68

Goals are expressed in Housing Units made affordable through new construction, acquisition of market rate units, rehabilitation of units occupied by lower income households, or rental subsidies.

³ An Affordable Rental Unit is considered a Section 215 Unit if it is occupied by a household earning no more than 80% of AMI and if the rent is the lesser of the Section 8 Fair Market Rent or 30% of the Annual Income for a household earning 65% of AMI.

⁴ An Owner Unit is considered a Section 215 Unit if: (1) it is purchased as the principal residence by a first-time homebuyer earning no more than 80% of AMI and the sales price does not exceed limits set under the National Housing Act or (2) It is owned and occupied by a household 51-80% AMI, the unit is to be rehabilitated, and the value of the unit after rehabilitation does not exceed mortgage limits under the National Affordable Housing Act of 1990.

DESCRIPTION OF HOUSING NEEDS

Special Needs Populations

1. Race/Ethnic Composition

Between 1990 and 2000, the City of Santa Clara became increasingly diverse in its race and ethnic makeup. This trend follows County, state and national trends. In California, no one ethnic group holds a majority. The same situation exists in the City. As shown in Table 17, the population in the City is comprised of 48.3% non-Hispanic, White persons. The Asian population is the second largest racial/ethnic group in the City (29.7%), followed by the Hispanic population (16.0%).

Race and ethnicity have implications on housing need in that certain demographic and economic variables correlate with race. For example, the average household size for the City of Santa Clara was 2.58 in 2000, compared with 2.92 for Santa Clara County. However, the average household size for Hispanics in the City was 3.36, 2.98 for Asian households, and 2.32 for White households. As a result of the disparity in family size, 56.8% of households in the City are headed by Whites, 25.4% by Asians and 11.7% by Hispanics. This reflects the typically larger household size for Asian and Hispanic households and smaller household size for White households.

Table 18 shows the general pattern of racial change between the 1990 and 2000, for the City and the County as a whole. For the County, only percentage of race/ethnic distribution are shown, so as to provide a comparison of trends.

Table 18
Population by Race/Ethnicity: 2000

Race/ Ethnicity	CITY OF SANTA CLARA					SANTA CLARA COUNTY		
	2000 POP	2000 % POP	1990 POP	1990 % POP	% Change 1990-2000	2000 % POP	1990 % POP	% Change 1990-2000
White	49,392	48.3%	60,154	64.3%	-17.9%	45.4%	58.1%	-12.2%
Hispanic	16,364	16.0%	13,589	14.5%	16.0%	23.6%	20.1%	31.8%
Black	2,341	2.3%	2,187	2.3%	7.0%	3.0%	3.8%	-10.2%
Asian	30,430	29.7%	17,112	18.3%	77.7%	26.8%	17.5%	72.7%

Note: Persons identified as Hispanic are not included in any other race total
Source: 1990 and 2000 Census.

Each racial group demonstrates a unique trend in population change.

Most obvious is the substantial increase in residents who identify themselves from east and south Asia. The City's growth rate was similar to that of the County. Within the Asian racial category, the Asian Indian population was the fastest-growing national group, increasing its numbers almost seven times in the County, but only four times in the City.

The County Hispanic population increased substantially, about 2.5 times the County’s overall rate of population growth. While the City’s Hispanic population also increased substantially, its rate of growth was only about half of the countywide growth rate. About three fourths of the County’s Hispanic population growth was attributed to persons of Mexican origin; most of the rest of Hispanic population growth was Hispanics from Central and South America. In the City, almost all the Hispanic population growth can be attributed to persons of Mexican origin.

There was a substantial decline in both the numbers and proportion of City residents identifying themselves as White or Caucasian. Some of this decline is attributable to a change in acceptable responses in the 2000 Census—for the first time, the Census allowed respondents to identify themselves with as many races as they chose. Nevertheless, a significant portion of the 17.9% decrease in the number of Caucasian residents of the City can be attributed to a “white flight” to other, more affordable regions of California, as evidenced by DMV address changes.

While Blacks made up a small proportion of both the County and City populations, there was a significant decline in the Black population countywide. Contrary to that trend, the City experienced a modest growth in its Black population.

2. Areas of Race/Ethnic Concentration

The 2000 Census identified 10 Census Tracts with a significant concentration of Hispanic or Asian persons (concentrations in excess of 120% of the citywide portion).⁵ Table 19 below identifies the Census Tracts with Hispanic or Asian concentrations, as well as the median household income and portion of housing units that were renter-occupied in those Tracts, and compares them to the City-wide averages. Asian and Hispanic Census Tract percentages in bold indicate concentrations.

Table 19 shows that there are six Census Tracts (highlighted in boldface) in the City with a concentration of Asians. The level of these concentrations is consistent with voluntary clustering. A substantial portion of the increase in Asian populations was due to immigration. Not surprisingly, the first stage of their assimilation was acculturation within their own ethnic communities. Concentrations of Asians are mainly located in the northern and southwestern parts of the City.

Hispanics are more likely to be concentrated in the older, central areas of the City. The Hispanic population in the City of Santa Clara is overwhelmingly Mexican in origin. Hispanics have had a substantial presence in the City for decades. As evidenced by the City’s slower Hispanic growth rate, that long-term presence has not been supplemented by recent immigration to the degree that other areas of the County have experienced. The City’s 2004 Analysis of Impediments to Fair Housing noted that, in 2000, Hispanics remained concentrated in the same four census tracts (boldface) as in 1990. All four of the census tracts in which Hispanics are concentrated have median incomes below the City’s average.

⁵ Concentration of African Americans is not included in this analysis because they only represented 2.3% of the City’s population in 2000. The highest concentration of African Americans in any one Census Tract was 4.2%. In the 10 Census Tracts with African American concentrations of 3% or more, half were Census Tracts with more than 50% of the housing units owner-occupied, and 2 were low income Census Tracts.

Table 19
Census Tracts of Asian and Hispanic Concentration

Census Tract	Population	% Asian	% Hispanic	Median Income	% Renter-Occupied
Citywide	102,361	29.3%	16.0%	\$69,466 (100% Median)	53.9%
CT 5049.01	1,425	44.6%	10.0%	\$83,743 (121% Median)	54.1%
CT 5050.01	7,224	48.0%	13.4%	\$93,289 (134% Median)	49.8%
CT 5050.07	4,205	43.1%	18.9%	\$75,537 (109% Median)	33.8%
CT 5052.02	6,061	25.1%	34.9%	\$49,888 (72% Median)	75.8%
CT 5052.03	2,982	8.6%	23.2%	\$59,450 (86% Median)	55.7%
CT 5053.01	4,441	32.2%	27.6%	\$64,406 (93% Median)	53.0%
CT 5054.01	5,358	38.4%	15.5%	\$66,615 (96% Median)	70.1%
CT 5058	1,925	11.6%	25.7%	\$55,742 (80% Median)	48.6%
CT 5082.02	5,937	34.6%	8.5%	\$88,133 (127% Median)	50.4%
CT 5085.06	5,947	45.4%	16.4%	\$58,591 (84% Median)	72.3%

Source: U.S. Census, Bureau, 2000 Census

3. Areas of Lower Income Concentration

Concentrations of Low Income Population: In a high housing cost region like Santa Clara County, household income is a defining factor limiting both the availability of resources for meeting other essential needs and limiting people's choices of available housing. According to the 2000 Census, the households in the City of Santa Clara had a median income of \$69,466, approximately 93 percent of the County median income of \$74,335. In September, 2004, the median home price in the City was 4% higher than the county median. With lower than average incomes and higher than average home prices, City residents are being squeezed out of the homeownership market in the City at a higher rate than residents in other county jurisdictions. For Hispanic and Black households, whose median income is 18.3% and 28.7% less than the City median, respectively, home ownership is an even more unlikely event.

Table 20
Percent of Households that are Low Income,
by Race/Ethnicity, 1990-2000

Household	% Lower Income Households 2000	% of Lower Income Households 1990
White	31.0%	25.4%
Hispanic	45.8%	38.7%
Black	43.6%	31.5%
Asian/Pacific Islander	24.4%	N/A
Total Households	31.7%	27.2%

N.A. Not Available

Source: CHAS Databook, 1999 and 2003

Figure 1 shows those block groups that are low income as defined by CDBG.

Figure 1 – Map Showing Concentrations of Lower Income Households

Use of CDBG funds on public improvements can only occur in income-eligible areas. The CDBG program defines income eligibility as any block group with 51 percent or more of the population earning incomes less than 80 percent of the AMI or the 25% of inhabited block groups with the highest portion of low income households. The latter method applies to Santa Clara. For the City of Santa Clara, all inhabited block groups with a lower income portion of 41.3% or higher are considered low income areas for purposes of determining eligibility as a low income area.

Based on HUD income definitions, 21.9 percent of the City's households in 2000 were within the Extremely Low Income and Very Low Income levels, and 9.8 percent were within the Low Income level. Those figures are slightly higher than the County percentages of 20.7 percent for Extremely Low Income and Very Low Income households and 9.6 percent for Low Income households. Throughout this document, the term "lower income households" refers to households with incomes up to 80 percent of the County AMI. Lower income households comprised 31.7 percent of the total households (Table 9). The proportion of lower income households was highest among Hispanic households (45.8 percent), followed closely by Black households (43.6 percent). In Santa Clara County, 30.4 percent of households were within the lower income levels. The proportion of lower income households was highest among Hispanic households (49.6 percent), followed by Black households (38.4 percent). Other racial/ethnic groups had a proportion of lower income households that was less than the overall proportion. Between 1990 and 2000, City households in all racial/ethnic groups for which data are available experienced an increase in the proportion of lower income households.

4. The Elderly

As Table 14 indicated, there are 734 senior renter households who pay more than 50% of their income, and an additional 519 who pay more than 30% of their income for housing. The City has four affordable, senior housing projects with 542 housing units. Waiting lists for these facilities range from 2-4 years. The 20% Affordable Housing Set-Aside under the Redevelopment Agency of the City of Santa Clara (RDA) has been a significant source of funding for affordable housing, including two senior housing projects and one senior assisted living project. The ability of the City to use those funds to construct additional senior housing was limited by a change in the State's Community Redevelopment Law in 2002. That law required that spending for senior housing be proportional to the ratio of seniors to the overall City population. The current RDA Implementation Plan for 2004-2014 limits the use of Affordable Housing Set-Aside to 9% of available RDA funds.

To meet these special needs, the City has supported the development of shared senior housing. Two shared housing residences, housing eight seniors, currently exist in the City. A public service agency, supported with RDA funds, matches frail seniors with younger persons who can provide in-home assistance with household tasks such as cleaning and cooking. This agency creates 15-20 shared housing relationships each year.

The next step on the continuum of care for seniors is the 19 facilities in the City that provide special housing for seniors and disabled adults over the age of 55. These facilities are licensed by the State of California and range from assisted living facilities that provide basic life support activities such as food preparation and housekeeping to nursing homes that provide on-site medical care. Most of the

facilities can care for non-ambulatory seniors. Table 21 summarized the licensed community care facilities for the elderly.

Table 21
Licensed Community Care Facilities for the Elderly

Type of Facilities	Number of Facilities	Number of Beds	Non-Ambulatory Beds
Assisted Living	17	212	196
Nursing Homes	2	339	339
Total	19	551	535
Notes:			
1. Assisted Living Facilities provide assistance in food preparation, housekeeping, transportation and similar life support activities. Nursing Homes provide in-house medical care.			
2. Non-Ambulatory beds are maximum number of persons who need assistance or assistive devices.			

Source: State of California Department of Social Services Community Care Licensing Division, October, 2004.

As noted in Table 14, a much smaller number and proportion of elderly homeowners experience housing problems. However, many of these 4,698 households are on limited, fixed incomes. The City's Neighborhood Conservation and Improvement Program assists low-income homeowners, the majority of whom are elderly, to undertake needed repairs without adding to their housing burden cost. The program also provides grants to install assistive devices for frail seniors in their residence.

5. Persons with Disabilities

This population often faces greater housing challenges than the population as a whole due to their incomes and special physical or developmental needs. While 32 percent of all Santa Clara City households have incomes less than 80 percent of the Santa Clara County median family income, 51 percent of households with one or more disabled members, have incomes below the 80 percent threshold. Persons with disabilities often live on Social Security or rely on additional income from family or other sources.

Disabled adults seeking to live independently face several problems. Many need support services to both learn independent living skills and ongoing assistance to meet the basic needs of life. Over one third of disabled adults are unemployed. Extremely high percentages of such households, particularly disabled elderly and renter households, pay large proportions of their incomes for housing and/or live in housing that does meet their needs.

The City of Santa Clara provides financial assistance to support a transitional housing project for persons with physical disabilities. The facility, housing up to three persons at a time, is designed to provide living skills training to assist its clients to live independently in the community. The City has also subsidized five projects that provide 51 affordable housing units for households with one or more members with developmental disabilities.

Table 22 depicts the locations of residential care facilities in Santa Clara County, including facilities specifically for persons with disabilities. The Adult Residential facilities have a capacity of 48 non-ambulatory residents.

Table 22
Licensed Community Care Facilities for Non-Elderly

Type of Facility	Total Number of Facilities	Total Capacity (number of beds or persons)	Capacity by Type of Disability	
			Mental	Developmental
Group Home	4	47	0	0
Adult Residential	11	67	8	34
Adult Day care	3	126	0	60
Total	18	240	8	94
Notes: 1. The specialized care columns are not mutually exclusive. For example, a facility may have a total capacity of 10 beds, with 8 beds for developmentally disabled children and 4 of the 10 beds are designed to accommodate non-ambulatory children. 2. Group homes provide specialized treatment for persons under age 18. 3. Adult residential facilities provide care for persons age 18 to 59 years including both developmentally disabled adults and persons suffering from mental illness or psychiatric disorders.				

Source: State of California Department of Social Services Community Care Licensing Division, 10/04.

The City reviews all new residential construction for compliance with the Federal Fair Housing Act of 1988, Section 505 of the Federal Rehabilitation Act, Title II of the Americans with Disabilities Act, and Title 24 of the California Code of Regulations.

6. Female-Headed Households

In the 2000 Census, there were 3,659 female-headed households residing in the City. Most of these are extremely low income. Of the 906 Section 8 participants residing in the City, 602 are held by female-headed households (with 750 minor children). Over 900 single parent households (typically made up of a single mother and two children) residing in the City received some form of public assistance. These households receive just over \$1,000/month in cash and food stamp assistance. This sub-population of female-headed households comprises about one third of all extremely low income households paying more than 50% of their income for housing. Rents that are affordable to low income or even very low income households are simply not affordable to this population. The City supports a shared housing program that addresses the needs of this population by keeping rents below \$400/month. This program benefits fewer than 20 female-headed households per year.

7. Survivors of Domestic Violence

Victims of domestic violence are a special class of female-headed households. Affordable housing is a critical need for survivors of domestic violence who seek to separate from their abuser. Women who have been abused have limited means to support and shelter themselves and their dependent children. Over 85% of City residents who are clients of the two domestic violence agencies supported by the City are extremely low income. In 2002, the City completed the construction of a 24 unit transitional housing facility called Homesafe—Santa Clara. This facility provides transitional housing for up to three years, while providing supportive services such as counseling, legal assistance and childcare. Rents are set at \$400/month. All residents develop a comprehensive case management

plan, which includes education and job training, as part of their transition to independent living, freed from their batterer.

8. Persons with Substance Abuse/Addiction Disorders

There is no data available concerning the residences or housing status of persons admitted or discharged from substance abuse programs. The Homeless Continuum of Care Plan noted that about 15% of the homeless population suffers from chronic substance abuse. That percentage represents about 31 homeless individuals in the City.

9. Persons with HIV/AIDS

Due to its prominence as the largest city in the county, the City of San Jose is the local entitlement jurisdiction that receives HUD funds under the Housing Opportunities for Persons with AIDS (HOPWA) program. In consultation with other jurisdictions in Santa Clara County, San Jose is required to use the HOPWA funds in ways that best address the countywide housing and support service needs of low-income persons who have been diagnosed as HIV-positive. The Santa Clara County Ryan White HIV Services Planning Council, consisting of individual public and non-profit health care and support service providers, assesses the needs and recommends how best to use the HOPWA funds. According to the *AIDS/HIV Community Services Plan* for Santa Clara County, dated May 2003, 10-15 percent of the homeless population is HIV-infected. That estimate is about 5 times higher than the estimate by the Continuum of Care Plan. Only 3% of respondents to the 2005 Homeless Survey stated that they had experienced AID/HIV related illnesses.

10. College Students

Santa Clara University is located in the City. An increasing number of students at the University live off-campus. The City supports the expansion of the variety of types of housing opportunities provided on-campus, so as to minimize the impacts on the City's off-campus housing stock. The University has begun a program of expanding its types of on-campus housing with the intent of encouraging a higher percentage of student occupancy on-campus. Between 1989 and 2001, the number of students living on-campus increased from 1,838 to 2,050. The City encourages the University to provide adequate on-site student housing for all full-time students, both graduate and undergraduate students. Since the prior Housing Element, the University has approval for construction of 350 beds in apartment-style housing, of which 296 beds have been built.

The community benefits from two other colleges: Golden State Bible College and Mission College. Golden State Bible College is an undergraduate facility and has approval for two dormitories. The first dormitory has been completed and has 54 rooms and 108 beds. Mission College is a community junior college attended by students who commute from their homes. There is no on-campus residency.

DESCRIPTION OF HOUSING NEEDS:

Public and Assisted Housing

1. Public Housing

The Housing Authority of Santa Clara County (HASCC) owns 270 rental housing units, at seven separate locations, in the City of Santa Clara. One hundred seventy two of these units are for senior housing. New residents in these projects are selected from the Housing Authority's waiting list. All of these projects have received funding from the City's Redevelopment Agency Affordable Housing Fund and been built or acquired in the last ten years and their current affordability requirements will be in place for the next 25-50 years. The Housing Authority conducts regular Housing Quality inspections on these units. Periodic inspections by the City confirm the excellent physical condition of the housing units and common areas. The City does not anticipate to lose any public housing units during the five year period of this Consolidated Plan. Table 23 lists the current public housing inventory. All of these apartment complexes have received some subsidy from the City and/or the RDA.

Table 23
Public Housing Inventory

Development	Number of Units	Housing Type	Affordable Units Low (51-80% AMI)	Affordable Units Very low (<50% AMI)
Klamath Gardens	17	Family	0	17
Deborak/Miramar Apts	20	Family	0	20
Eklund Gardens	16	Family	0	16
Bracher Senior Apts	72	Senior	0	72
Rivertown Apartments	100	Family	70	30
John Burns Gardens	100	Senior	0	100
Life Services Alternatives	15	Dev Disabled	0	15

Source: City of Santa Clara Affordable Housing Projects List

Tenant-Based Rental Assistance: HASCC also administers its rental assistance programs, specifically the Section 8 Voucher program. As of March, 2005, 906 City residents received tenant-based rental assistance through the voucher program. There are another 129 applicants from the City on the waiting list. Table 24 presents a breakdown of Section 8 participants and waiting list applicants. Of the participants, 134 are homeless. Most of the households on the waiting list are one or two person households (54%); a significant portion (13%) were large households (5 or more members). The number of persons with disabilities and who are seniors is relatively small. Currently, the waiting list is closed

Table 24
Section 8 Participants and Applicants in Santa Clara

<i>Participants</i>	
Disabled	149
Elderly	196
Disabled and Elderly	137
Non-Disabled and Non-Elderly	424
Total	906
<i>Waiting List Applicants</i>	
Disabled	9
Elderly	9
Disabled and Elderly	7
Non-Disabled and Non-Elderly	104
Total	129

Source: Housing Authority of the County of Santa Clara, March, 2005.

Table 25 demonstrates that Section 8 voucher holders are more likely to be Black or Hispanic than the City population as a whole. This is not surprising given the fact that Blacks and Hispanic are more likely to be Low Income.

Table 25
Racial/Ethnic Breakdown of Section 8 Tenants

	White, Not Hispanic	Black	Asian	Hispanic
Tenants with Section 8	314	98	224	270
Percent of Section 8 Holders	34.8%	10.8%	24.7%	29.8%
Percent of City Population	48.3%	2.3%	29.7%	16.0%

Source: Housing Authority of Santa Clara County, March, 2005

The HASCC is currently using 99.9% of its Section 8 funds. That efficient use of resources leaves the Section 8 program in the county vulnerable to increasing fair market rents and federal budget reductions. The President's budget for FY 2005 includes a 4% cut for Section 8 funding. HASCC has stated it can absorb this reduction because of the decline in market rents. However, HASCC is contemplating not replacing vouchers when recipients "move out" of the Section 8 program. The effect of such a policy would be to lower the total number of Section 8 vouchers available in Santa Clara County.

2. Assisted Housing

Table 26 provides data on the City's assisted multi-family housing stock by various government assistance programs. Figure 2 shows the locations of these developments. As illustrated by this inventory, the City's Redevelopment Agency has played an active role in assisting in the provision of affordable housing, and has placed long-term affordability covenants on its projects.

Figure 2 – Map Showing Location of Public and Assisted Housing Rental Projects

Table 26
Assisted Housing Inventory

Project Name Address	Affordable Units (Total Units)	Owner	Earliest Date of Expiration	Funding Source
Liberty Tower 890 Main Street	100	Santa Clara Methodist Retirement Foundation	2013	HUD Sect. 202 & 236
Project Match Senior House 2319 Gianera Street	3	City of Santa Clara	Annual Lease	RDA
Estancia Hope Drive	90	Archstone	2022	RDA
Chateau Apartments 2150 Main Street	25	Community Housing Developers	2023	HOME
Runaway Youth Shelter 3490 The Alameda	20	Bill Wilson Center	2023	CDBG/ RDA
Senior Group Housing 2185 Homestead Road	4	Project Match	2024	HOME/ RDA
Westwood Ambassador Apt 2606 Newhall Street	43	Charities Housing Developers	2024	HOME/ CDBG
Bracher Senior Housing 2665 South Drive	72	Housing Authority of Santa Clara County	2024	RDA
Klamath Apartments 2051 Klamath Avenue	17	Housing Authority of Santa Clara County	2025	RDA
Peacock Apartments 3661 Peacock Court	28	Community Housing Developers	2026	RDA
Teen Parent Transitional Housing 1284 Jackson Street	10	Bill Wilson Center	2026	HOME/ RDA
Homeless Teen Transitional Hous 2120 Main Street	6	Bill Wilson Center	2028	HOME/ RDA
Sobrato Family Living Center I 1509 Agnew Road	33	Emergency Housing Consortium	2029	RDA
De La Cruz House 3779 De La Cruz Boulevard	6	Greater Opportunities	2031	HOME/ RDA
Briarwood House 2114 Briarwood Drive	6	Greater Opportunities	2031	HOME/ CDBG
Curtis School Teacher Housing 3445 Lochinvar Avenue	40	Santa Clara Unified School District	2031	RDA
Foster Care Transitional Hous 3551 Shafer Drive	6	Bill Wilson Center	2032	HOME
Sobrato Family Living Center II 1489 Agnew Road	18	Emergency Housing Consortium	2033	HOME/ RDA
Life Services Alternatives 820 Agnew Road	15	Housing Authority of Santa Clara County	2033	RDA
Deborah-Miramar Apartments 3761 Miramar & 2251 Deborah	20	Housing Authority of Santa Clara County	2035	RDA
Eklund Gardens 2002 Halford & 3680 Poinciana Dr	16	Housing Authority of Santa Clara County	2035	RDA
Riverwood Grove 2150 Tasman Drive	71	Mid-Peninsula Housing	2039	RDA
Riverwood Place 5090 Lick Mill Blvd	148	Mid-Peninsula Housing	2040	RDA
John Burns Gardens 820 Agnew Road	100	Housing Authority of Santa Clara County	2042	RDA
Riverfown Apartments 1340 Hope Dr	100	Housing Authority of Santa Clara County	2042	RDA

Homesafe Santa Clara 611 El Camino Real	25	Charities Housing Developers	2042	HOME/ RDA
Pacific Gardens 2384 Pacific Drive	21	Community Home Builders	2042	RDA
Gateway Apartments 1000 El Camino Real	42	Gateway Santa Clara	2044	RDA
Supplemental Living Center 1597 Market Street	3	Silicon Valley Independent Living Center	2047	RDA
French Street Apartments 3585 Agate Drive	4	Cambrian Properties	2059	RDA
Catalina Luxury Apartments 3600 Flora Vista Avenue	23	Flora Vista Residential	2059	RDA

Source: City of Santa Clara List of Subsidized Affordable Housing Projects

Note: "Earliest Date of Expiration" means the earliest year in which rent and income restrictions will no longer apply, and the owner may convert the rental property to market rate housing.

Based on data from HOME projects, reflected in Table 27, residents of subsidized units are more likely to be Black or Hispanic.

Table 27
Racial/Ethnic Breakdown of HOME Project Tenants

	White, Not Hispanic	Black	Asian	Hispanic
Percent of Residents	33.9%	16.1%	16.9%	33.1%
Percent of City Population	48.3%	2.3%	29.7%	16.0%

Source: City of Santa Clara Home Program Monitoring, 2003-2004.

In 1999, the County of Santa Clara, with support by private groups such as the American Electronics Association, Community Foundation of Silicon Valley and Silicon Valley Manufacturing Group entered into a joint commitment to develop an affordable housing fund with an initial capitalization of \$20,000,000. Public and private entities have committed over four million dollars to date. The City of Santa Clara has reserved \$250,000 in Redevelopment Agency funds for this Trust Fund.

3. Assisted Housing Units At-Risk of Converting to Market Rate

The State Housing Element law and HUD Consolidated Plan regulation require cities to prepare an inventory including all assisted multi-family rental units which are eligible to convert to non-low-income housing uses due to termination of subsidy contract, mortgage prepayment, or expiring use restrictions. The State Housing Element law requires this inventory cover a ten-year evaluation period following the statutory due date of the Housing Element (July 1, 2004); whereas the HUD regulation requires the inventory to cover only the five-year planning period of the Consolidated Plan. To satisfy both state and federal requirements, this at-risk housing analysis period covers from July 1, 2004 through June 30, 2014. This analysis represents a review of current status and options, rather than a specific statement of City policy.

According to a risk assessment by California Housing Partnership Corporation (CHPC), no assisted development in the City is considered at high risk of conversion to market use. Of the assisted units

identified above, one project was determined to be at low risk of conversion during the 2004-2014 period.

- **Liberty Towers:** Located at 890 Main Street, Liberty Towers is a 100-unit apartment complex, with all of the units allocated for occupancy by very low-income seniors. The project receives Section 8 project-based assistance. Under the Section 8 contracts, the project owner provides units affordable to lower-income families for a specified time period. Available records indicate that the Section 8 contracts for Liberty Towers will expire on August 31, 2005, at which time the contracts will likely be renewed on an annual basis. Liberty Towers was also assisted through the HUD Section 236 and Section 202 programs. Through these programs, the owner was provided mortgage insurance and interest reduction payments. Earliest termination date of Section 236 and Section 202 loan assistance is September 20, 2013. Given its non-profit ownership, it is unlikely that Liberty Towers will be converted to market-rate housing.

4. Fair Housing

Affordable Housing and Fair Housing: Without question, persons with lower incomes are more negatively impacted by the high cost of housing in the City of Santa Clara. Since Blacks and Hispanics have substantially lower median household incomes than Whites and Asians, their housing possibilities are more restricted. This economic fact does not make lack of affordable housing, in and of itself, a fair housing barrier. The HUD definition of fair housing speaks of equal opportunity for “persons of similar income levels.”

In designing its affordable housing programs, the City has recognized that each program may have a disparate attraction and availability for different race/ethnic households. For example, the NCIP program disproportionately benefits White and Hispanic homeowners, who, in aggregate, have lived longer in their current dwellings and live in older housing stock, as compared to Asians and Blacks. The City’s first-time homebuyer programs disproportionately benefit Asians and Whites. Blacks and Hispanics make up a disproportionately high number of affordable rental apartment tenants. The City’s affirmative marketing program identifies these disparities and provides some compensation by targeting marketing to protected classes that may be disproportionately benefiting from a particular program.

City’s Fair Housing Agency: The City contracts with a non-profit agency, Project Sentinel, to provide a variety of services to reduce the incidence of illegal housing discrimination. In addition to case investigation and public information, Project Sentinel distributes brochures (in English, Spanish, Chinese, Tagalog and Vietnamese) at various public facilities, publishes a fair housing column called “Rent Watch”, produces a Fair Housing Review newsletter which is distributed to community groups, makes radio public service announcements (in English and Spanish) and provides a minimum of two a year public presentations/workshops for landlords, mortgage lenders and realtors.

Analysis of Impediments to Fair Housing Choice Action Plan: On February 19, 2004, the City completed an update of its Analysis of Impediments to Fair Housing Choice (AI) for the period of 1997-2003. That document also included an action plan for the period January 1, 2004 through June 30, 2006. The updated AI included information from the 2000 Census and the comprehensive Fair

Housing Study (2003) completed in conjunction with the other federal entitlement jurisdictions in Santa Clara County. By July, 2006, the City will update its AI Action Plan based on initiatives arising from the Fair Housing Task Force.

The Fair Housing Choice Action Plan set forth nine public policies.

1. Participate in the Fair Housing Task Force.
2. Update and Implement the Housing Implementation Programs Identified in the City's Housing Element.
3. Continue to support non-profit organizations whose purpose is further fair housing.
4. Continue to identify and mitigate housing constraints for persons with disabilities.
5. Enhance housing for persons with disabilities by implementing federal and state fair housing and building code requirements related to residential accessibility.
6. Continue to encourage the development of higher occupancy rental housing where feasible.
7. Continue to require, review and update assisted housing projects Affirmative Marketing Plans.
8. Continue to implement its residential Anti-Displacement and Relocation Assistance Policy.
9. The City will continue to support police and community groups in the development of viable policies to deal with local incidents of hate crimes.

BARRIERS TO AFFORDABLE HOUSING

Constraints to the provision of adequate and affordable housing are posed by market, governmental, infrastructure and environmental factors. These constraints may result in housing that is not affordable to low and moderate income households, or may render residential construction economically infeasible for developers. Constraints to housing production significantly impact households with low and moderate incomes and special needs.

The City of Santa Clara has identified potential governmental and non-governmental constraints to affordable housing development. The City's Housing Element has identified specific constraints to development of affordable housing, some of which cannot be resolved. The City's Planning Commission periodically reviews and recommends actions that can be taken to remove or mitigate these constraints to the maintenance, improvement and development of affordable housing. Governmental constraints include the following:

1. Community Constraints

- **Municipal Boundaries.** The City is completely surrounded by the boundaries of other cities: San Jose on the north, east and south; and Cupertino and Sunnyvale on the west. Other than a parcel on Homestead Road, no other developable lands exist for annexation to the City. The City's primary new housing opportunities, therefore, must come from within the City limits, and primarily through redevelopment of existing parcels.
- **Shortage of Vacant Land.** Less than three percent (313 acres) of the land in the City is undeveloped and vacant. Other than approximately sixty acres of undeveloped commercially designated land, some of which may have potential for mixed use development, only 154 acres of these are identified as appropriate for housing. Based on anticipated allowed densities and existing, this undeveloped land could accommodate 4,105 units of housing.
- **Community Opposition to Infill Residential Development at Higher Densities.** Since 1985, the City has heard some community opposition to infill residential development at higher densities than presently exist in residential neighborhoods. However, several significant affordable developments have been approved in spite of such opposition. Recent regional surveys indicate a growing recognition of the need for more housing in general, and more affordable housing in particular. In Santa Clara, affordability for lower and moderate income households has not been the basis for any project denial since 1988.

The City will continue to strive to reach a consensus in the community as to where higher-density infill residential development can be accommodated. Approximately 332 acres have been identified as appropriate for new higher-density residential redevelopment. Most of this proposed mixed use redevelopment at higher densities is along El Camino Real. By directing higher density to commercial areas and away from neighborhoods via the Mixed Use Overlay Zones, it is likely that there will be less neighborhood opposition.

2. Governmental Constraints

- **Land Use Controls and Development Standards.** Land use controls have helped maintain the quality of the City's residential neighborhoods, consistent with community established goals. Similarly, residential development standards, such as maximum building height and minimum building setback, and other land use policies, such as minimum percentage open space and off-street parking requirements, have not been significantly changed since 1969. This has helped ensure a consistently high standard of quality of development in all areas of the community.

The General Plan includes a range of residential land use designations and densities, from a single-family detached designation with a minimum density of 1 dwelling unit per acre to a high density designation with a minimum density of 37 units per acre. A Transit-Oriented mixed use designation allows residential densities up to 45 dwelling units per acre. Allowing single family uses in multifamily zones has very little impact on the City's housing capacity. Within the City, there are virtually no parcels that are currently zoned for higher density but only have a single family house. New single family developments in the City have reached fairly high densities because of land costs.

The Zoning Ordinance establishes districts in conformance with the General Plan. The Planned Development zoning district allows for both flexibility in many regulations and a mix of land uses not permitted in other zones. Most residential approvals since 1985 have been Planned Developments to achieve small-lot ownership, condominium/townhome ownership and design variations in terms of setbacks, building coverage and building heights. Other than mixed use developments, most new development or redevelopment in the City is expected to be accomplished through the mixed use overlays.

There are a minimum number of identified housing sites that might be developed under the standard multi-family or R-3 zoning district standards. The maximum building coverage and setback standards do not restrict the cost and supply of lower-income housing. Where the parking standards might have an adverse affect, variances or modifications for reduced parking have been granted in the recent past. In the City's General Plan, a Zoning Ordinance amendment has been proposed that would reduce the parking requirements for senior housing, Single Room Occupancy (SRO) developments and transit-oriented developments. Also, there is a program to adopt a Mixed Use and a Transit Oriented Mixed Use overlay zones to allow residential use on commercial property designated for Mixed Use or Transit Oriented Mixed Use in the General Plan.

- **Building Codes and Enforcement.** Building codes and their enforcement in the City are not a constraint to residential development. Existing single family, duplex and triplex units are inspected only when an owner seeks a permit for additional construction or complaints is received. Certain types of major additions require the applicant to bring the building or portion thereof up to current codes. The City's building permit fees are competitive with surrounding jurisdictions. As an example, for a new single family or multi-family unit in the City of Santa Clara, there is a six cents per square foot charge per trade (plumbing, electrical and mechanical fees). In San Jose, the same trade's fees are nine cents per trade for a new single family unit, and ten cents for a new multi-family unit. Site improvement standards for residential development in the City, with the

exception of minimum parking requirements, are not more restrictive than those in surrounding jurisdictions.

Compliance with building codes and State accessibility laws and regulations (California Code of Regulations Title 24) may increase the cost of housing production and also impact the viability of rehabilitation of older properties required to be improved to current code standards. However, these regulations provide minimum statewide standards that the City must comply with in order to ensure safety and appropriate accessibility, unless otherwise addressed under the State Historic Building Code. No other governmental constraints have been identified with regards to housing for persons with disabilities.

- **Fees and Other Exactions.** The City and other agencies assess a number of fees that affect the development and cost of housing in the City of Santa Clara. These fees and dedication requirements are similar or lower compared to those in other communities in Santa Clara County and the Bay Area. In some cases, fees for street trees, drainage, and traffic mitigation are also collected. Application and building fees are minor compared to development fees. Development fees are not a constraint to the construction of housing affordable to senior citizens or to lower income households. City application and processing fees are raised only in response to inflationary cost increases in providing City services and are competitive with those charged in surrounding jurisdictions.
- **Local Processing and Permit Procedures.** Development review can affect housing costs. In the City of Santa Clara, however, the expedited review system is in one of the quickest, most cost-effective in the County. In 1990, Planning Department processing, from initial submittal through discretionary review and building permit approval, averaged less than four months for most residential developments. A comparison survey by Zucker Systems in 1998 confirmed this and offered additional recommendations to further streamline the City's permit process.
- **Airport Noise and Land Use Limitations.** The most relevant governmental constraint is the State-determined airport noise regulations and Airport Land Use Commission prohibitions and limitations on new housing units in that portion of the City adversely impacted by San Jose International Airport noise and safety zones. The City of San Jose, since 1993, has been working with the City of Santa Clara to acoustically treat homes that are adversely affected by airport noise. To date, 731 single family homes have been treated in the City, along with 279 multi-family units. While this treatment program is slowing down, it is likely to continue for several more years as additional homes are affected by growth experienced at the airport.
- **Prevailing Wage Labor Standards:** Given the high prevailing wages in Santa Clara County, federal and state prevailing wages will continue to limit the number of affordable housing units that can be constructed. Under current RDA law, the mixing of RDA and other public funds triggers the state prevailing wage; if RDA funds are the only governmental source, state prevailing wage does not apply. The effect of these requirements is to inhibit the ability of the City to leverage other governmental funds.

3. Non-Governmental Constraints

- **Cost of Housing.** Market constraints significantly influence the cost of housing and are essential to consider when discussing affordable housing. Construction costs and fluctuating interest rates are major contributors to the ever increasing cost of housing in the San Francisco Bay Area. Land prices are typically the most significant cost as they have gone up rapidly over the past decade.

The City has created two housing policies to help mitigate the cost issue. For all new housing developments of at least 10 housing units, developers are required to set-aside 10% of the proposed units for Below Market Purchase (BMP) or Below Market Rental (BMR). The RDA then negotiates with the developer to provide subsidies for the below market units, to buyers for the BMP units and to developers for the BMR units. Because the RDA “pays for the affordability,” developers do not have to increase the cost of the market rate housing. The City also has a Density Bonus Program (DBP), which provides for at least a 25% increase in unit density in return for development of affordable units. The combination of these two programs encourages developers to create new housing on smaller, in-fill parcels.

- **Availability of Financing.** Interest rates for home financing and rental development have a crucial effect on the affordability of housing. Mortgage interest rates have varied widely over the past twenty years, from a high near 18 percent in 1981 to a low near 6.25 percent in 2003. Any return to high interest rates could be somewhat mitigated through the issuance (by either the City or the County) of Tax-Exempt Mortgage Revenue Bonds. These can be issued for multi-family developments with a percentage of lower income units, and for mortgage financing for first-time homebuyers.

Limitations on financing for mixed use are a constraint on the City's plans for redevelopment along El Camino Real. Lenders are not convinced of the durability of the mixed use residential market and put higher financial burdens on developers of such projects. In times of tight money or low demand, such burdens effectively make the construction of mixed use projects more difficult.

- **Parcel Size and Multiple Ownership.** Of those sites identified as appropriate for potentially providing new housing opportunities in the City, some are too small to gain approval for higher density development unless they are combined with adjacent parcels. Most of these are held by a large number of unrelated property owners and are adjacent to existing single family neighborhoods such as along El Camino Real. This combination of factors will lengthen the time required to implement this part of this Plan. The City has revised its General Plan designations to offer additional economic incentives to some commercial properties to encourage high-quality infill redevelopment that includes higher-density housing in addition to commercial businesses, where appropriate. The City has revised the density of its Mixed Use designations to encourage higher densities of residential.

DESCRIPTION OF COMMUNITY NEEDS:

Homeless and Near Homeless

1. Homeless Policies and Actions

Countywide Collaborative and Continuum of Care: The Santa Clara Countywide Collaborative on Affordable Housing and Homeless Issues is the lead entity in formulating the Continuum of Care Plan. It is the goal of the jurisdictions and non-profit agencies within Santa Clara County to coordinate services and facilities available for the homeless through a regional, cooperative strategy, as a Continuum of Care Plan (CofC). The CofC system is an extensive array of services that assist persons and families that are homeless or are threatened with homelessness. Only select programs and services are part of the County's CofC collaborative. The goal is to help homeless residents get housing, job training, childcare, and other services. The CofC of Care stresses permanent solutions to homelessness through comprehensive and collaborative community planning. The goal of a comprehensive homeless service system is to ensure that homeless individuals and families move from homelessness to self-sufficiency, permanent housing, and independent living.

In 2004, the Collaborative and the entitlement jurisdictions of Santa Clara County began or continued three major initiatives that will play a leading role in formulating and instituting strategies to enhance the effectiveness of the CofC system over the next five years.

- Undertook a comprehensive Homeless Census and Survey. A census of homeless persons was conducted December 14-15, 2004. A total of 7,646 persons were counted as being homeless those nights, including 2,778 in various shelters throughout the county. An additional 4,868 were found sleeping in cars, squatting in garages, or camping outdoors. In the period December, 2004 to February, 2005, 1,796 detailed surveys of homeless persons were completed.⁶ The results of those surveys will be used to analyze the causes of homelessness and to develop strategies for addressing those causes.
- On October 5, 2004, the County Board of Supervisors authorized the formation of a Task Force to work with the County Office of Affordable Housing to develop a 10-Year Plan to End Chronic Homelessness in Santa Clara County. The Task Force included a broad representation of government, business, labor, funding sources, and community and service groups, who are familiar with issues related to homelessness. The final report and recommendations are scheduled to go to the Board of Supervisors on May 3, 2005. Information available at the time of preparation of this Five Year Plan indicated that it would adopt a "Housing First" approach.
- Continued to expand the countywide Homeless Management Information System (HMIS). This system was established to collect primary client data on persons who use homeless facilities and services. The project is scheduled to include all providers in its database by December, 2005. The HMIS will allow policy makers and funding sources to have an accurate count and demographic profile of homeless persons who receive assistance and which combination of services work best to meet the goals of the Collaborative. On March 22, 2005, the City of Santa Clara entered into an

⁶ "The 2004 Santa Clara County Homeless Census and Survey," Applied Survey Research, March, 2005.

agreement with Community Technology Alliance, which manages the HMIS under the direction of the Collaborative. Through that agreement, the City of Santa Clara will facilitate the inclusion of homeless providers operating in the City in the HMIS.

The following section summarizes the housing and supportive service needs of the homeless in the City of Santa Clara, as well as persons and families at risk of becoming homeless. This section also includes an inventory of services and facilities available to serve Santa Clara's homeless population and those who are at risk of becoming homeless. Service and facility gaps in the Continuum of Care are also identified.

The best available data on the homeless is only available for the entire County. Data presented in this section is thus based on statistics for the entire County, as presented in the County's 2004 CofC application to HUD. HUD requires that each entitlement jurisdiction identify needs and gaps in services within its boundaries. To meet those HUD requirements, the countywide characteristics and demographics of the homeless, and the needs and gaps in facilities and services identified in that application were allocated to each entitlement jurisdiction based on the last zip code of residence of homeless persons entered into the Homeless Management Information--Santa Clara (HMIS) as of November 30, 2004. At that time, the HMIS did not include client data from all agencies serving the County's homeless. The entitlement jurisdictions in the County have determined it is the best available data as to where persons last resided before becoming homeless. For that reason, that HMIS data was used as the basis for allocating the countywide data from the CofC to each entitlement jurisdiction. That data indicates that 3.8% of the County's homeless had their last permanent address in the City of Santa Clara.

2. Ten Year Plan to End Chronic Homelessness

The three initiatives discussed above will be the basis for addressing homeless issues over the next five years. Over the next several months, the County Collaborative will review the Homeless Census and Survey data and update its Continuum of Care Plan. That action will also draw on the HMIS database, which is expected to be fully in place by the end of 2005. The countywide ten year plan to end chronic homelessness presented its initial recommendations in May, 2005. The City will review the recommendations and determine what actions it will take in the next five years to work with other county jurisdictions in implementing the Ten-Year Plan to End Chronic Homelessness.

The centerpiece of the proposed Plan is a "Housing First" model. Housing First is an alternative to the current system of emergency shelter/transitional housing, which is viewed as prolonging the length of time that families and individuals remain homeless. The methodology is premised on the belief that vulnerable and at-risk homeless persons are more responsive to interventions and social services support *after they are in their own housing*, rather than while living in temporary/transitional facilities or housing programs. With permanent housing, these families and individuals can begin to regain the self-confidence and control over their lives they lost when they became homeless. The housing first methodology:

- Helps homeless families and individuals move directly into affordable rental housing in residential neighborhoods as quickly as possible;

- then provides six months to one year of individualized, home-based social services support "after the move" to help each family and individual transition to stability.

A housing first approach consists of three components:

- **Crisis intervention, emergency services, screening and needs assessment:** Individuals and families who have become homeless have immediate, crisis needs that need to be accommodated, including the provision of emergency shelter. There should be an early screening of the challenges and resources that will affect a re-housing plan.
- **Permanent housing services:** The provision of services to help families' access and sustain housing includes working with the client to identify affordable units, access housing subsidies, and negotiate leases. Clients may require assistance to overcome barriers, such as poor tenant history, credit history and discrimination based on ethnicity, gender, family make-up and income source. Providers may need to develop a roster of landlords willing to work with the program and engage in strategies to reduce disincentives to participate.
- **Case management services:** The provision of case management occurs (1) to ensure individuals and families have a source of income through employment and/or public benefits, and to identify service needs *before the move into permanent housing*; and (2) to work with families *after the move into permanent housing* to help solve problems that may arise that threaten the clients' tenancy including difficulties sustaining housing or interacting with the landlord and to connect families with community-based services to meet long term support/service needs.⁷

Families and individuals with significant barriers to becoming re-housed have been the initial target population for housing first services. Housing first programs have attempted to target those individuals and families who are most likely to remain in the homeless service system longer without such assistance. Such targeting efforts have resulted in greater emphasis on upfront housing assessments to determine the permanent housing strategy that best meets the individual or family's needs.

The City of Santa Clara, in coordination with all the entitlement jurisdictions in Santa Clara County, has long addressed homelessness as a countywide issue. At the time this document was completed, it was premature to present a detailed action plan. Over the next year, the City will be working with the Collaborative and other jurisdictions to develop an action plan to address homelessness. As that plan takes shape, the City will amend its Five Year Plan and incorporate that action plan into its Annual Plans.

3. Homeless Housing Gap

Based on the HMIS and the 2004 Homeless Census, 271 homeless persons in the County had their last permanent address in the City of Santa Clara. The 2004 Homeless Census counted 359 homeless persons in the City of Santa Clara, 159 who were found unsheltered and 200 who were housed in existing residential facilities for the homeless. That number represents 4.7% of all the homeless in the

⁷ National Alliance to End Homelessness: Housing First Network. www.naeh.org/networks/housingfirst/

County. That number is higher than the percentage of homeless whose last permanent address was in the City because 56% of the homeless in the City were sheltered at the time of the Homeless Census. Countywide, only 36% of the homeless had shelter. Only 3.3% of the unsheltered homeless were counted in the City of Santa Clara.

Nature and Extent of Homelessness: Table 28 provides a summary of the nature and extent of homelessness in the City of Santa Clara. Table 29 provides a similar summary for all of Santa Clara County. The narrative below compares those two tables.

Table 28 (HUD Table 1A)				
Homeless and Special Needs Populations (City of Santa Clara)				
Continuum of Care: Housing Gap Analysis Chart				
Individuals				
	Current Inventory	Under Development	Estimated Need	Unmet Need/Gap
Emergency Shelter	19	0	97	78
Transitional Housing	28	0	108	80
Permanent Supportive Housing	0	0	64	64
Total Beds	41	0	269	222
Persons in Families with Children				
	Current Inventory	Under Development	Estimated Need	Unmet Need/Gap
Emergency Shelter	72	0	20	(52)
Transitional Housing	147	0	51	(96)
Permanent Supportive Housing	88	0	30	(58)
Total Beds	307	0	101	(206)
Source: Santa Clara County 2004 Continuum of Care Application.				
Continuum of Care: Homeless Populations and Subpopulations Chart				
Part 1: Homeless Population	Sheltered		Unsheltered	Total
	Emergency	Transitional		
1. Homeless Individuals	14	15	152	181
2. Homeless Families w/Children	19	38	3	60
2a. Persons in Homeless Families w/Children	57	114	7	178
Total Homeless Persons (lines 1 + 2a)	71	129	159	359
Source: 2004 Santa Clara County Homeless Census and Survey				
Part 2: Homeless Subpopulations	Sheltered		Unsheltered	Total
1. Chronically Homeless	7		28	35
2. Seriously Mentally Ill	36			
3. Chronic Substance Abuse	31			
4. Veterans	11			
5. Persons with HIV/AIDS	5			
6. Victims of Domestic Violence	72			
7. Youth	38			
Sources: Santa Clara County 2004 Continuum of Care Application.				

Homeless Individuals: As indicated in Table 28, homeless individuals comprise just over half the homeless population in the City of Santa Clara as compared to 84.1% of the homeless population in the County. Most of this disparity is due to the fact that, even though the Homeless Census found less than 5% of the County's homeless in the City, 16.5% of the beds in the County available for homeless families with children are in the City. The overwhelming majority of single homeless adults are male (about 77 percent). In the past five years, the City funded a 146-bed Single Resident Occupancy facility on former City-owned land. That facility is not included in the City's inventory of homeless facilities, but is included in the City's inventory of Assisted Housing for VLI individuals.

Homeless Families: Members of homeless families make up over one-half of the homeless population in the City of Santa Clara. Countywide, only 15.9% of homeless persons are in families with children. Single mothers head the majority of homeless families – 80% according to the Countywide Five-Year Plan. The 2004 Homeless Census found that 61% of the persons in homeless families were dependent children. In 1999, that percentage was 44%; in 1995, it was 23%. The City has funded support services for homeless families residing in the Sobrato Family Living Center and its predecessor facilities for nearly 20 years. In FY 2003-04, 392 persons, including 224 children under the age of 18 benefited from these services.

Chronically Homeless: The Interagency Council on Homelessness has defined someone who is "chronically homeless" as "being disabled and either being continuously homeless for a year or more or having had at least four homeless episodes during the last three years."⁸ There are an estimated total of 35 chronically homeless persons in the City of Santa Clara. Countywide, there were 931 chronically homeless persons, of whom only one-fifth were in shelters. Responses to the recently completed survey indicated that those estimates are significantly understated. Over 41% of the respondents stated that they had been homeless for more than one year.

Persons with Severe Mental Illness: Severe mental illness includes the diagnoses of psychoses (e.g. schizophrenia) and the major affective disorders (e.g. bipolar, major depression). To qualify as chronic, the illness must have existed for at least one year. According to national estimates, approximately one percent of the adult population meets a definition of severe mental illness based on diagnosis, duration, and disability.

In the City of Santa Clara, there are an estimated 36 homeless persons who are seriously mentally ill. In the County, there are 952 such homeless persons, representing over 13% of the homeless population. According to the Countywide Five-Year Plan, 90 percent of the homeless identified as mentally ill were single. The major barrier to stable, decent housing for the seriously mentally ill is the availability of affordable housing. A substantial majority of persons in this population depend solely on Social Security Insurance (SSI) payments. These payments, which averaged \$550⁹ in 2004, permit very few persons in this population to afford rental housing on the open market.

Persons with Substance Abuse Problems: An estimated 31 homeless persons in the City of Santa Clara had chronic substance abuse problems, either with alcohol or with other drugs, or sometimes

⁸ U.S. Department of Housing and Urban Development, *Strategies for Reducing Chronic Street Homelessness*, January 2004.

⁹ Average SSI payment for all of California, including federal SSI payment and state supplement. U.S. Social Security Administration at www.socialsecurity.gov/policy/docs/quickfacts/state_stats/ca.html. Average SSI payment for all of California, including federal SSI payment and state supplement.

with a combination of substances. Santa Clara County had 816 homeless persons with substance abuse problems. A substantial number of homeless surveyed in 2005 (20.5 percent) stated that substance abuse had precipitated continual job loss and a subsequent inability to pay rent, resulting in eviction from their homes. That portion is down from 25.9% in 1999. Records have also been kept for homeless persons categorized as "dually diagnosed." This refers to persons diagnosed with both a mental illness and a substance abuse problem. In Santa Clara County, there are 476 homeless persons that are dually diagnosed. In the City, the estimated number of such homeless persons is 18.

Veterans: There are an estimated 11 homeless persons in the City of Santa Clara who are veterans. In the County, there were 285 homeless veterans. The Countywide Five-Year Plan indicates that the percentage of homeless reporting as veterans has decreased over time. In 1995, 26 percent of the homeless reported they were veterans. In 1999, that proportion decreased to 20 percent. No information explaining this decrease is available. Based on those figures, veterans now comprise only four percent of the homeless population. National studies indicate that 30-45% of homeless persons are veterans.

Persons Infected with HIV/AIDS: The National Commission on AIDS states that up to half of all Americans with AIDS are either homeless or in imminent danger of becoming homeless due to their illness, lack of income or other resources, and weak support networks. The Commission further estimates that 15 percent of all homeless people are infected with HIV. Only 3% of survey respondents said they had AIDS/HIV. Within Santa Clara County, 136 homeless persons reported having HIV/AIDS, which is less than two percent of the total homeless population. In the City of Santa Clara, it is estimated there are five homeless persons with HIV/AIDS.

In 2000, the Santa Clara County Board of Supervisors provided funding to the Billy DeFrank Lesbian and Gay Community Center to complete a social services and health services needs assessment, which included a survey of gay, lesbian, bisexual, and transgender people. Of those surveyed, 12 percent lived in non-permanent or unstable housing. Two percent reported living on the streets.

Persons Suffering Domestic Violence: Many single women and women with children become homeless as the result of domestic violence. According to a study by the U.S. Conference of Mayors, 34 percent of the cities surveyed identified domestic violence as a primary cause of homelessness. Nationally, approximately half of all women and children experiencing homelessness are fleeing domestic violence.¹⁰ Homeless women often require additional counseling to work through psychological impairment from physical abuse to transition into the mainstream.

In Santa Clara County, there were 462 homeless persons who were victims of domestic violence, or approximately 6.4 percent of the total homeless population. The percentage of such persons in the City is higher due the HomeSafe Santa Clara facility. According to the Countywide Five-Year Plan, female respondents to a survey identified fleeing from domestic violence as one of the three primary reasons for their homelessness.

Youth: The Countywide Five-Year Plan states that the fastest growing segment of the homeless population is children. Approximately 25 percent of newly homeless persons in the County were children under 18. The Bill Wilson Center operates four facilities for homeless youth in the City.

¹⁰ National Coalition for the Homeless, *NCH Fact Sheet #1: Why Are People Homeless?* September 2002.

Thus the percentage of homeless youth in the City is substantially higher than the 2% countywide. These homeless youth are difficult to track because of their highly transient nature, their distrust of adults, and their distrust of services, usually born out of fear of being incarcerated or institutionalized.

Table 29				
Homeless and Special Needs Populations (Santa Clara County)				
Continuum of Care: Housing Gap Analysis Chart				
Individuals				
	Current Inventory	Under Development	Estimated Need	Unmet Need/Gap
Emergency Shelter	906	0	2,559	1,653
Transitional Housing	576	0	2,895	2,319
Permanent Supportive Housing	260	50	1,726	1,416
Total Beds	1,742	50	7,180	5,388
Persons in Families with Children				
	Current Inventory	Under Development	Estimated Need	Unmet Need/Gap
Emergency Shelter	415	0	514	99
Transitional Housing	1,097	0	1,337	240
Permanent Supportive Housing	448	0	793	345
Total Beds	1,860	0	2,644	684
Source: Santa Clara County 2004 Continuum of Care Application.				
Continuum of Care: Homeless Populations and Subpopulations Chart				
Part 1: Homeless Population	Sheltered		Unsheltered	Total
	Emergency	Transitional		
1. Homeless Individuals	1,267	537	4,628	6,432
2. Homeless Families w/Children	84	203	71	358
2a. Persons in Homeless Families w/Children	264	710	240	1,214
Total Homeless Persons (lines 1 + 2a)	1,531	1,247	4,868	7,646
Source: 2004 Santa Clara County Homeless Census and Survey				
Part 2: Homeless Subpopulations	Sheltered		Unsheltered	Total
1. Chronically Homeless	186		745	931
2. Seriously Mentally Ill	952			
3. Chronic Substance Abuse	816			
4. Veterans	285			
5. Persons with HIV/AIDS	136			
6. Victims of Domestic Violence	462			
7. Youth	136			
Sources: Santa Clara County 2004 Continuum of Care Application.				

4. Homeless Residential Facilities in the City

Table 30 lists the permanent residential facilities for homeless individuals and families in the City of Santa Clara.

Table 30
Residential Facilities for Homeless in City of Santa Clara

Organization/Agency	Facility	Address	Total Beds
<i>Emergency Shelters</i>			
Bill Wilson Center	Youth Shelter	3490 The Alameda	19
Emergency Housing Consortium	Sobrato Family Living Center	1509 Agnew Rd.	72
<i>Transitional Housing</i>			
Bill Wilson Center	Homeless Youth	884 Lafayette Street	6
Bill Wilson Center	Youth Parents with Children	1284 Jackson St.	32
Bill Wilson Center	Homeless Teen Trans Housing	3551 Shafer Dr	6
Bill Wilson Center	Single Teen Trans Housing	2120 Main Street	16
Emergency Housing Consortium	Sobrato Family Living Center	1509 Agnew Rd.	40
InnVision/Catholic Charities	HomeSafe Santa Clara	611 El Camino Real	75
<i>Permanent Supportive Housing</i>			
Emergency Housing Consortium	Sobrato Family Living Center	1509 Agnew Rd.	88

Source: Santa Clara County Continuum of Care Plan, 2004.

The 2004 Continuum of Care Plan estimated that the City needed 380 beds to meet its share of the housing for the County's homeless. As Table 28 demonstrated, the City has an inventory of 348 beds. A closer look at that inventory indicates that it focuses on two homeless subpopulations: families with children and youth. The City has an unmet gap of 222 beds for single adults; it has a 206 bed surplus for families with children. Countywide, a similar pattern exists. Santa Clara County has an unmet gap of 5,388 beds for single persons, over 75% of the estimated need. For families with children, the county has an unmet gap of 684 beds, just over 25% of its estimated need. Those patterns reflect the fact that there is more community sympathy for homeless families because they include innocent, homeless children. By contrast, there is less public sympathy for homeless individuals because they are seen as more threatening (due to substance abuse, mental disabilities, or other symptoms of social isolation). In fact, as Tables 27 and 28 indicate, only about one-third of homeless individuals are seriously mentally ill or have a chronic substance abuse problem.

The high cost of housing is a significant contributor to homelessness. The 2000 Census found that 4,774 households in the City paid more than 50% of their income for housing. More significantly, 2,691 of those households were extremely low income (making less than 30% AMI). This population is seriously at risk for homelessness, vulnerable to any adverse financial event, such as unemployment, high medical bills, or a major car repair bill. The special populations discussed below are all more likely than the City's general population to be extremely low income.

5. Characteristics of the Homeless

In 1995, the number of persons who experienced at least one episode of homelessness was 16,300. That number increased substantially to 19,810 in 1999. The 2004 survey put that number at 20,338. Thus, the number of persons experiencing homelessness has remained steady over the last five years. In 2004, approximately 1.2% of the County population experienced homelessness at some time. Only 1.8% of survey respondents (33 persons) were homeless in the City.

The 2004 survey was conducted by paid, homeless persons who underwent training provided by the survey consultant. Randomizing the survey sampling was considered fruitless because of the high degree variance in the homeless population. Instead, a large sampling (23.4% of homeless persons)

was interviewed to validate the results. A survey margin of error cannot be established because random sampling was not employed. HUD does consider this method a “best practice.”

The characteristics of the homeless have changed significantly in those five years. The section below highlights those changes by comparing the results of the 2004 and 1999 surveys. When particularly enlightening, 1995 survey results are also included. Five major changes in the characteristics of the homeless occurred between 2005 and 1999.

- Only 19% Santa Clara County’s homeless population were children as compared to 31% in 1999. It was 43% in 1995. The construction of new housing for homeless families was a significant reason for this decline.
- Just over 27% of homeless adults are female, as compared to 35% in 1999. Female heads of household make up over two thirds of homeless families, indicating that they also benefited from new housing for homeless families.
- For one third of the respondents in 2004, job loss and the high cost of housing were the primary reasons for their homelessness. Over 60% of homeless adults identified one of these two reasons as the primary cause for their homelessness in 1999. The decline in median rents has been a factor in this decrease.
- One in five homeless persons were veterans, compared to one in six in 1999. Just under half of homeless veterans were disabled in 2004, as compared to only 7% in 1995. Nationally, veterans make up about 45% of the homeless population.
- The percentage of working homeless was 18.5%. In 1999, it was 34%. In 1995, it was 25% 12%.

6. Needs of Persons At-Risk for Homelessness

The "at-risk" population is comprised of lower income families and individuals who, upon experiencing a major life crisis that creates severe financial distress (job loss, medical emergency, etc.), might lose their housing and end up becoming homeless. Extremely Low Income (ELI) households, those earning 30 percent or less of Area Median Income (AMI), are considered to be at greatest risk of becoming homeless. Such households are commonly described as the “working poor.” The overwhelming majority of these households typically experience a housing cost burden in excess of 50% of their income. The 2000 Census identified 4,348 households in the City (11.2% of all households) as extremely low income. Of these households, 2,708 (63.7%) had a housing cost burden of greater than 50% of their income. More recently, during the period July to December, 2004, St Justin Community Ministry provided food assistance to 1,180 households (with 3,567 persons), over 95% of whom were extremely low income. Just under 30% of those households were headed by women with dependent children. Recognizing this need, the City began funding this program with CDBG public service funds in FY 2004-05 and will continue to fund it in FY 2005-06.

The at-risk population also includes individuals who are in imminent danger of residing in shelters or living on the streets. This is primarily due to the lack of access to permanent housing and the absence

of an adequate support network, such as immediate family members or relatives in whose homes they could temporarily reside. These individuals, especially those being released from penal, mental or substance abuse facilities, require supportive services that help them make the transition back into society and remain off the streets.

Keeping people from becoming homeless requires emergency funds to pay for housing, food, and medical care. Homeless prevention also requires adequate planning for medical discharges, eviction prevention and relocation assistance, and coordination with code enforcement officials to minimize displacement of lower income households. Access and contact points for those who become homeless include the Shelter Bed Hotline, on-line and telephone intake and referral services, an Emergency Assistance Network (EAN) agency, Legal Services, the San Jose and County Homeless Coordinators, and any number of homeless service and mainstream human services agencies. These agencies will assess the needs of the homeless individual or household, and find appropriate assistance whenever possible.

7. Summary of Homeless Needs and Objectives

Table 31 details the City's objectives for addressing the homeless housing objectives. The current City inventory has exceeded the need for housing for homeless families. The City views the need for housing for homeless individuals as a medium priority. Its strategy for addressing that priority will be to coordinate with the County Collaborative as it develops an updated Continuum of Care Plan in 2005 and 2006. The City's emphasis on addressing homelessness will be preventative, focusing on the housing and service needs of the near homeless ELI households in the City.

The City's objectives for homeless special needs populations will be based on the Collaborative's 2005 Continuum of Care Plan. That Plan will incorporate the results of the three initiatives described above. The City would then detail its objectives as an amendment to this Consolidated Plan or incorporate it into future Annual Plans.

**Table 31 (HUD Table 1C)
Summary of Specific Homeless Objectives**

Specific Objective	Unmet Need	Performance Measure	Production Goal
Homeless Housing Objectives			
Emergency Shelter--Individuals	78	Beds	5
Emergency Shelter—Families	0	Beds	0
Transitional Housing—Individuals	80	Units	5
Transitional Housing—Families	0	Units	0
Permanent Housing--Individuals	64	Units	5
Permanent Housing--Families	0	Units	0
Homeless Special Needs Objectives			
Chronically Homeless	CofC	N.A.	CofC
Seriously Mentally Ill	CofC	N.A.	CofC
Chronic Substance Abuse	CofC	N.A.	CofC
Veterans	CofC	N.A.	CofC
Persons with HIV/Aids	CofC	N.A.	CofC
Victims of Domestic Violence	CofC	N.A.	CofC
Youth	CofC	N.A.	CofC

DESCRIPTION OF COMMUNITY NEEDS:

Special Needs Populations

1. The Elderly

The 2000 Census reported that there were 10,900 residents of the City of Santa Clara age 65 or older, representing 10.6 percent of the total City population; in 1990, seniors made up 9.9% of the population. The City's Housing Element states that a significant increase in the both the number and proportion of the elderly population is estimated. That impact is most likely to be felt after 2010.

The City's population is older than that of the County, and its seniors are more likely to live in poverty. Only 9.5 percent of residents in Santa Clara County were of age 65 or older. The 2000 Census also found that 7.9 percent of the City's elderly population was living below the poverty level (857 seniors). By comparison, 6.4 percent of the senior population in Santa Clara County was living below poverty level.

The 2000 Census indicated that 42.7 percent of the elderly population in the City of Santa Clara had a disability, compared with 39.3 percent of elderly residents in Santa Clara County. The Census counted 8,828 total disabilities among residents in the City who are 65 years of age or older. Of these disabilities, 827 were self-care disabilities, and 2,099 were go-outside-home disabilities. It should be noted that seniors may have more than one type of disability; therefore, the number of disabilities do not equal the number of seniors with disabilities.

Almost 10% of respondents to the City of Santa Clara Mail-In Survey identified Senior Services as one of the two most important needs in the City. In the past ten years, the City has, on average, used about 33% of its CDBG public service funds for Senior Services. Many of these services are designed to stretch the household dollars for seniors, including two food assistance programs, a transportation program and free legal services for common civil matters. In FY 2003-04, 1,774 elderly residents of the City received services from 8 senior programs funded by the City.

In the Survey, seniors identified, in order of priority, Senior Services, Senior Housing, Senior Centers, Housing for Disabled, and Sidewalk Improvements as the five most important community needs from a list of 38 types of activities that could be eligible for CDBG funds.

The City operates a Senior Center at 1303 Fremont Street. The Center serves almost 9,000 seniors in its various activities and services. That number includes duplicated individuals so the actual number of seniors served is less.

Frail Elderly: A significant segment of the senior population has one or more conditions that affect major life functions, their ability to live independently, and their ability to care for themselves. These individuals are sometimes referred to as "frail elderly." Because the elderly are living longer lifespans, an increasingly higher portion of seniors will be aged 75 and older. In the 1990's, the City's population aged 75 and older increased 49% (from 3,487 to 5,195). One in three of these seniors lives alone; one in eight has income below the poverty level. These elderly have greater need for medical and in-home assistance. Advanced age, living alone and income status are key indicators of seniors

at-risk for institutionalization. Increasingly, seniors are living longer, meaning that a continually increasing number are living well past the age of 75. As the “baby-boomer” bulge increases the number of seniors after 2010, the number of frail elderly will begin to increase substantially. Just under half of the City’s seniors are considered to be frail elderly. There are three possible approaches to address the housing needs of this population:

1. **Expand In-Home Support Services:** The federal, state and county government all provide funding for such activities. In-home support services are facing budget cuts at all three levels. The City’s ability to fund such services is limited because of the decline in City general fund revenues and the projected decreases in CDBG, the City’s primary source of public funding for social services. The City supports two food assistance programs that provide this approach. Those programs also extend the limited, fixed income of extremely low income seniors.
2. **Support Spouses or Adult Children Who Care for their Senior Parents:** The City assists this approach through a myriad of senior services. The focal point for this activity is the Senior Case Management Program, which the City makes available through the City’s Senior Center. Senior Day Care is another means of reducing stress on caregivers. The City funds one such program and has provided capital assistance to another.
3. **Build More Assisted Living Housing:** Current assisted living facilities have experienced weak demand. RDA funds were used to construct a 104 bed assisted living facility that opened in July, 2004. That project has been behind schedule in “renting up.” One senior housing project offers some housing units that include meals and housekeeping. Despite a multi-year waiting list for most of its rental units, these affordable assisted living units have no waiting list.

2. Persons with Disabilities

The 2000 Census found that 14,915 City residents reported one or more disabilities. In the age group 21-64, 9,187 (14.0% of that age group) had a disability. Table 31 shows the total disabilities tallied among the City population. Of the total disabilities tallied among people 16 to 64, there were 1,494 mental disabilities and 2,373 physical disabilities. Since respondents could report more than one type of disability, the number of disabilities does not correspond to the number of persons with these disabilities. Many of these persons do not require special housing. However, the 2000 Census indicated that approximately 35.8 percent of the disabled population in the City of Santa Clara was unemployed. Lack of adequate income is one significant obstacle to housing for the disabled in the City.

In the City of Santa Clara Mail-In Survey, persons with disabilities identified, in order of priority, Housing for Disabled, Senior Services, Senior Housing, Code Enforcement, and Street Lighting as the five most important community needs from a list of 38 types of activities that could be eligible for CDBG funds.

Table 32
Type of Disabilities

	Santa Clara County, California		Santa Clara City, California	
	Number	Percent	Number	Percent
Total disabilities tallied (age 5 and older):	441,560	100.0%	26,014	100.0%
Disabilities tallied for people 16 to 64 years:	307,326	69.6%	16,510	63.5%
Sensory disability	16,480	3.7%	1,058	4.1%
Physical disability	40,257	9.1%	2,373	9.1%
Mental disability	28,044	6.4%	1,494	5.7%
Self-care disability	12,663	2.9%	556	2.1%
Go-outside-home disability	79,636	18.0%	4,159	16.0%
Employment disability	130,246	29.5%	6,870	26.4%
Disabilities tallied for people 65 years and over:	121,693	27.6%	8,828	33.9%
Sensory disability	20,564	4.7%	1,512	5.8%
Physical disability	39,508	8.9%	2,877	11.1%
Mental disability	18,128	4.1%	1,466	5.6%
Self-care disability	12,897	2.9%	874	3.4%
Go-outside-home disability	30,596	6.9%	2,099	8.1%

Source: 2000 Census

Persons with Physical Disabilities: The 2000 Census identified 3,467 City residents, aged 16-64, who suffered from a disability that affected their ability to work without some accommodation. Ninety two percent (92%) of this population makes less than 50% of the area median income. The Silicon Valley Independent Living Center (SVILC) is a primary resource for persons with disabilities. Among its 22 programs, it provides job training, job referrals and advocacy and assistance to persons with disabilities seeking reasonable workplace accommodation so that they may become productive members of society. The City has supported SVILC services to the disabled for over 20 years.

Architectural and physical barriers limit the accessibility of persons with physical disabilities to public facilities and public transportation. The City has an Americans with Disabilities Act (ADA) Advisory Committee to help it identify such barriers, particularly those that might not comply with ADA requirements. CDBG funds have been used on various projects to assure accessibility to public/governmental buildings, public meetings, public parks and public transportation. Annually, the City undertakes a curb cut project at 25-30 intersections in the City, to facilitate sidewalk usage by mobility impaired persons.

Persons with Mental Disabilities: According to the Santa Clara County Mental Health Department, mental health needs in the area continue to exceed available support services. The Department estimates that 24,000 people in the County need case management services (social worker assistance to obtain basic needs), yet only about 5,000 places currently exist in the inventory of services, resulting in an unmet need of 19,000 case management places. Similarly, 29,000 people in the County need mental health care, while only 19,000 people are able to be served. This leaves a gap of about 10,000 people needing services countywide. Data specific to the City of Santa Clara is not available. The City's total population in 2000 is 6.1 percent of the County's. Based on this, it is estimated that

there are approximately 610 people with mental illnesses in the City who need special services. Nearly 100 percent of this population needs housing placement assistance, as well as life skills training.

The Housing Choices Coalition (HCC), an agency addressing the housing needs of the developmentally disabled – reports that at least 5,600 people of all ages in Santa Clara County currently have mental retardation, cerebral palsy, autism or other developmental disabilities. The San Andreas Center, a non-profit organization serving persons with developmental disabilities, estimates that 3,100 developmentally disabled adults are over the age of 18. Based on the City of Santa Clara having 6.1 percent of the County's total population, an estimated 342 City residents have a developmental disability, 189 of whom are adults. Many of the developmentally disabled live on Social Security income with additional income from work, family or other sources. HCC reports that it is not uncommon for a disabled adult to earn less than \$10,000.

3. Female-Headed Households

The 2000 Census found that there were 3,659 households occupied by a female head of household within the City of Santa Clara, representing 9.5% of the total households. By comparison, 10% of total households in the County were headed by a woman.

The Social Services Agency of Santa Clara County reported that, as of January 1, 2005, 907 single parent households (typically made up of a single mother and two children) residing in the City received some form of public assistance. The total number of recipients was 3.5% higher than the prior year and 33.8% higher than five years ago. CalWORKS, California's Welfare-to-Work Plan under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, enrolled 418 of those households. Of that number, 356 were required to enroll in the CalWORKS Employment Services. These households receive an average monthly cash grant of \$704 and \$200-371 in food stamps. All recipients of CalWORKS receive Medi-Cal. Over 76% of the beneficiaries of this assistance were under the age of 18; over 50% were under the age of 10.

In the City of Santa Clara Mail-In Survey, female heads of household identified, in order of priority, Homebuyer Assistance, Park/Recreation Facilities, Job Creation/Retention, Youth Centers, and At-Risk Youth Services as the five most important community needs from a list of 38 types of activities that could be eligible for CDBG funds.

In FY 2003-04, 232 female heads of household residing in the City benefited from the 16 public service programs funded by the City. In FY 2004-05, two programs not previously assisted by the City were funded with CDBG funds. In the first six months of the fiscal year, they had served 346 female-headed households.

4. Survivors of Domestic Violence

The City of Santa Clara considers domestic violence victims and their children to be a special needs housing group. Recent data on domestic violence in Santa Clara County are scarce, and there are no available data regarding domestic violence in the City of Santa Clara. However, the available data

provide a general outline of conditions. According to the most recent annual report by the Domestic Violence Council of Santa Clara County, which was in 2001, there were 6,625 calls to police in the County related to domestic violence in 2000. This was an approximately 25 percent decrease from the peak of such calls in 1995, but a 1.4 percent increase from 1999 calls. Those calls resulted in 5,131 investigations and the filing of charges in 3,565 of those cases. In the last three years, those numbers have remained relatively steady. In 2004, the District Attorney's office reviewed 5,337 cases of domestic violence and filed charges in 3,704 of them.¹¹

In 2004, Santa Clara County had a record low of six domestic violence-related deaths, the first time that number had fallen to single figures since 1996. As a comparison, the City of Santa Clara had 8 domestic violence-related deaths in 2003. While one year's statistics do not establish a long-term trend, Deputy District Attorney Rolanda Pierre Dixon credited the decline to an increased willingness by victims and their families and friends to report domestic violence. That statement is supported by the fact that none of the 2004 deaths involved individuals who had previously filed a police report.¹²

The City provides funds to two programs that provide support services for victims of domestic violence. In FY 2003-04, those agencies provided services to 142 City residents.

5. Persons with Substance Abuse/Addiction Disorders

The National Institute of Alcohol Abuse and Alcoholism estimates the number of men with drinking problems (moderate or severe abuse) at 14 to 16 percent of the adult male population, and the number of women with similar problems at 6 percent. In its *Annual Report FY 2003*, the Santa Clara County Department of Alcohol and Drug Services indicated that there were 9,358 adult admissions to the County's substance abuse programs from July 2002 to June 2003, the most recent period for which data were available. In that same time period, there were 10,236 discharges from these programs. These figures include duplicated admissions and discharges, so the actual number of persons admitted or discharged is less, but the precise number is unknown. The median length of stay for those treated in residential programs was 35 days, while it was 84 days for those treated in outpatient programs. No data are available concerning the residences or housing status of persons admitted or discharged.

6. Persons with HIV/AIDS

According to September 2004 statistics from the California Department of Health Services, there have been 3,548 residents in Santa Clara County recorded with AIDS. Of these, 1,554 residents are currently alive. In addition, there have been 852 recorded cases of people with HIV in the County. According to a May 2003 report prepared by the Santa Clara County Public Health Department, approximately 18 percent of the AIDS cases recorded in the County were from the North County area, which includes the City of Santa Clara. Table 33 provides a breakdown of HIV/AIDS cases in the County by location, based upon the 2003 report, which has the most recent information available regarding cases by location.

¹¹ Santa Clara County District Attorney, 2004 Domestic Violence Statistics.

¹² Santa Clara County Domestic Violence Council, Death Review Committee Final Report, 2004.

Table 33
Location of AIDS Cases,
Santa Clara County

Region	Percent of Cases
North County	18%
East Valley	13%
Central/Downtown San Jose	20%
West Valley	13%
Narvaez (South San Jose)	11%
South County	2%
Homeless	1%
Non-Resident, Unknown	22%

Source: HIV Medical Care Survey, Santa Clara County Public Health Department, May 2003.

Approximately 1 percent of HIV/AIDS cases were homeless. According to the *AIDS/HIV Community Services Plan* for Santa Clara County, dated May 2003, 10-15 percent of the homeless population is HIV-infected. Only 3% of the 2004 Homeless Survey respondents said they had experienced AIDS/HIV.

7. People in Poverty

The 2000 Census counted 7,786 City residents living in households whose income was below the federal poverty level. That number included 1,097 families, with 1,245 children under 18 years of age. The federal poverty level is one figure for the whole United States. For a family of four, it is \$19,350, 18% of AMI. Since it is not adjusted for the higher cost of living in an area like Santa Clara, it does not give a complete picture of the working poor who live in the City. More indicative of the extent of poverty are ELI households. There are 4,348 ELI households in the City, 11.3% of all City households. A total of 5,542 City households were receiving some kind of public assistance from the Santa Clara County Social Services Agency as of January 1, 2005. Of these households, 700 were eligible for California's Welfare-to-Work Program, CalWorks. An additional 4,064 households were eligible for Medi-Cal. All of the public assistance numbers are almost double what they were in 2000.

On the City Mail-In Survey, Job Creation/Retention was rated as the third most important need. A Job Training, particularly for ELI households, is an activity that can help meet the needs of lower income people for better, higher paying jobs. The City supports three activities that involve job training and re-training of disadvantaged persons.

The North Valley Job Training Consortium (NOVA) was formed in 1983 by a joint powers agreement among the original six cities of Santa Clara, Sunnyvale, Cupertino, Mountain View, Los Altos and Palo Alto. The City of Milpitas joined the consortium in 2000. The consortium is a private/public partnership made up of representatives of local government, business and industry, labor, education and training systems, employment services, and community support organizations. A Private Industry Council was established to guide the agency in its mission to provide low cost and efficient job training and employment programs for the NOVA cities. Many of the services and programs

provided by NOVA target disadvantaged youth and adult populations, who may have limited education and/or barriers to employment.

In response to the economic downturn and growing unemployment, NOVA's Rapid Response Program assists laid-off employees of companies downsizing. This program assisted 1,545 persons who were laid off by 30 companies located in Santa Clara. NOVA also offered training to assist unemployed workers to learn new skills. To facilitate this training, NOVA partnered with Mission College, located in Santa Clara, in its Skills Gap and TechForce training programs. The Skills Gap grant offered both unemployed and employed workers an opportunity to learn new technology skills. The TechForce project offered companies with fewer than 250 workers the opportunity to have their employees learn or upgrade their information technology skills. Nine Santa Clara companies participated, with 19 employees completing at least one course. Mission College and Kaiser Permanente in Santa Clara are also participants in NOVA's Nurses Workforce Initiative project, a regional effort to increase the number of registered nurses in the area.

For FY 2004-05, NOVA's is \$10,084,000, most from the Workforce Investment Act. NOVA's budget for FY 2003-04 was approximately \$12 million. During that fiscal year, NOVA served 2,433 persons, of which 530 adults and 31 youth lived and/or worked in the City of Santa Clara. Of those adults who completed the program during the year, 66% obtained employment at an average wage of \$29.74 per hour. For FY 2004-05, NOVA's goal is to find jobs for 72% of adults, 80% of dislocated workers, and 67% of older youth. The goal for wage replacement for dislocated workers is 96% of the previous wage.

The City continued its participation in the North County Consortium of Neighborhood Self-Sufficiency Centers, which develops and supports activities enhancing the long-term self-sufficiency of CalWorks (Welfare to Work) families. One of the six self-sufficiency centers is located within the City. The program offers employment services, skills upgrade training and related support services. The Santa Clara Center served 13 City residents, of which 7 were employed, 3 had entered training, and 3 were seeking work. These numbers significantly declined from PY 2002 because the existing federal Welfare to Work grant expired on June 30, 2003.

The Santa Clara Unified School District Adult Education Center continued to be an education site for increasing job skills and providing job search assistance. The Center receives about \$200,000/year in federal Supportive Housing Funds, which provide job services to homeless families and individuals. Participants are recruited largely through homeless providers and facilities, including the Sobrato Family Living Center. For the most recent fiscal year, the program served 111 families and 592 individuals not in families.

The City continues to enforce its Section 3 Affirmative Action Plan. The City's Section 3 Affirmative Action Plan was last updated in March, 1989. The purpose of the plan is to assure that new jobs created by the use of federal entitlement funds provides opportunity for the recruitment, training and employment of low income persons residing in the City of Santa Clara. To this end, the stated purpose of the plan is to "provide lower income residents within the project area [Santa Clara City] the opportunity for employment and training and for the awarding of contracts to businesses located or owned in substantial part by persons residing in the project area." This action plan is required of all contracts for non-exempt projects funded by HUD.

8. Special Needs Populations Public Service Objectives

Table 34 estimates the number of persons (including all members of families/households where appropriate) in Special Need population groups, which are in need of one or more community support services. The Estimated Dollar Need is based on the City's current cost/person of existing services funded by the City or the Redevelopment Agency. Priority Need is based on the history of the City's priorities, the Resident Mail-In Survey and available resources. The goals are expressed in persons served. They represent the annual goal for the first year of the Five Year Consolidated Plan. In subsequent years, if federal CDBG funds decrease, the annual goals would be decreased proportionately. The goals would primarily be met by public service/affordable housing service activities, and construction/rehabilitation of public facilities.

Table 34 (HUD Table 1B)
Summary of Special Needs Populations (Non-Homeless) Objectives

Special Needs Population	Priority Need	Estimated Need	Est Dollar Need	Goals
Elderly	High	1,000	\$50,000	500
Frail Elderly (Senior w/disability)	High	1,500	\$150,000	1,200
Physically Disabled	High	1,000	\$100,000	450
Severe Mental Illness	Low	600	\$30,000	0
Developmentally Disabled	Medium	200	\$10,000	20
Substance Abuse/Addiction	Low	625	\$31,250	0
HIV/AIDS	Low	150	\$7,500	0
Female-Headed Households	High	1,000	\$100,000	500
Survivors of Domestic Violence	High	500	\$50,000	200
ELI Working Families	High	2,500	\$125,000	1,500
Large Families	High	1,000	\$50,000	325
TOTAL PERSONS		10,075	\$703,750	4,695
Notes: Goals and Estimated Needs are one year totals and represent unduplicated persons. Estimated Need and Goals numbers are all calculated as individual Persons				

The City's goals are the sum of the individual goals established for public service agencies funded by the City. Agencies report data on income, household size, number of persons with disabilities and number of female-headed households (defined as female householder, no husband present, with own children under 18 years). One category, Survivors of Domestic Violence are based on the number of persons served by two domestic violence agencies funded by the City. It is likely that there are survivors of domestic violence served by other agencies, but the City cannot determine that based on data available. Individuals may receive benefits from more than one service agency. To protect Client confidentiality, the City makes no attempt to cross reference names of Clients Served by each of the individual agencies. Therefore, the Total Persons goal does not reflect Unduplicated Client counts.

DESCRIPTION OF COMMUNITY NEEDS:

Public Services and Facilities

As discussed above, the Santa Clara County economy continues to produce jobs at a pace faster than population growth. For this reason, the City of Santa Clara has not used its federal entitlement funds in job creation or job retention projects. Instead, the City has focused its resources on low income residents who have financial, physical and mental difficulties in keeping up with the expensive and fast pace of life in Silicon Valley. Resources have been focused on public services, public facilities and infrastructure in low income neighborhoods, in an effort to maintain and improve the quality of life.

1. Public Services Funding Limitations

In carrying out projects to meet the community needs, the City has identified three fundamental obstacles to meeting under-served needs:

Insufficient Funding Resources: By law, the City can only use 15% of its CDBG entitlement, plus 15% of its previous year's program income, to fund public services. In recent years, the City has used CDBG funds for public services to the maximum allowed by law. The City supplements that source by using RDA funds for affordable housing service activities. The use of RDA funds is limited to housing activities. In FY 2005-06, the combined CDBG and RDA Public Service funding will be \$375,470. As Table 34 indicates, that amount will be less than half that necessary to meet unmet community service needs. CDBG funding is projected to decrease over the next five years.

Increased and Changing Needs: With insufficient sources of funds, the ability of the City to fund increased and emerging needs is extremely limited. The City's policy has been to continue to support those funded agencies that have a record of providing quality services that meet identified, critical community needs. However, external circumstances change. The economic downturn experienced since 2000 has reduced the number of jobs and has strained the financial stability of ELI working families. The City addressed that impact by supporting a food assistance program that has served 765 unduplicated ELI families in the first six months of FY 2004-05. To respond to similar challenges in the next five years, with dwindling funds, the City will have to make choices between eliminating or substantially reducing currently funded agencies or not meeting new or increasing needs.

Insufficient Private Sources of Funds for Non-Profits: Santa Clara County has a vibrant and entrepreneurial non-profit infrastructure. However, because of the decrease in governmental funding, and the tendency for private funding to seek high profile projects, the non-profit community often finds itself in competition for increasingly scarce dollars to continue needed community services. In addition, many funders want their investment to go to direct services rather than administration and overhead. As a result, non-profits find that the supply of unrestricted funds that can be used to pay necessary administrative costs is being squeezed. One consequence of this trend has been an increase of mergers among non-profits in recent years. When mergers result in consolidation of overlapping and duplicative services and administration, they can result in a more effective delivery of services. However, mergers can also result in a dilution of an agency's mission or an acquisition of unfounded liabilities. The City has reviewed four proposed mergers involving its non-profit sub-recipients in the last two years. That trend is likely to continue.

2. Actions to Address Public Services Funding Limitations

Establishment of Selection Criteria: In the last two years, the City has developed objective criteria for evaluating funding requests for new and/or increased services. Those criteria are divided into three sections. Applicants must demonstrate that their proposed programs meet all four of the basic eligibility criteria. There are eight categories of program evaluation, four major (weighted double) and three minor. Each category of program evaluation has four sets of criteria for scoring an application, High=3, Medium=2, Low=1, or Zero.

Basic Eligibility Criteria

- **Serve Lower Income Persons:** At least 51% of beneficiaries have income less than or equal to 80% Area Median Income, adjusted for family size. This criteria is required under CDBG.
- **Eligible Service:** Must be a new service, expansion of an existing service, or, under limited circumstances, demonstrate a loss of past year funding for reasons beyond the control of the applicant. This criteria is required under CDBG.
- **Non-Duplication:** Must not duplicate existing City services or City-Funded services.
- **No Precedent:** The service does not establish a precedent for funding an activity that (a) is the primary responsibility of another government level (e.g., medical services) or (b) causes the City to choose one activity over another of similar type (e.g., physical therapy).

Major Program Evaluation Criteria

- **Income Targeting:** HIGH—over half of beneficiaries are below 30% AMI; MEDIUM—over three fourths of beneficiaries are below 50% AMI; LOW—over half the beneficiaries are below 50% AMI; ZERO—over half the beneficiaries are more than 50% AMI.
- **Consistency with Consolidated Plan:** HIGH—the target population or type of activity is a high priority in the ConPlan; MEDIUM—the target population or type of activity is a medium priority in the ConPlan; LOW—the target population or type of activity is a low priority in the ConPlan; ZERO—the target population or type of activity is not directly or indirectly addressed in the ConPlan.
- **Experience Providing Service:** HIGH—has provided the service for more than six years; MEDIUM—has provided the service for 3-6 years; LOW—has provided the service less than three years; ZERO—has not previously provided the service.
- **Provide Service in Other Jurisdictions:** HIGH—receive or are requesting funds from at least five other jurisdictions, receive or are requesting funds from all jurisdictions in which they provide the service, or provide services only to City residents; MEDIUM— receive or are requesting funds from 2-4 other jurisdictions; LOW— receive or are requesting funds from 1 other jurisdiction; ZERO— receive or are requesting funds from no other jurisdictions

Minor Program Evaluation Criteria

- **Experience Providing the Service in the City:** HIGH—has provided services to City residents for more than six years; MEDIUM—has provided services to City residents for 3-6 years; LOW—has provided services to City residents less than three years; ZERO—has not previously provided services to City residents.
- **Leveraging Non-City Funds:** HIGH--City funds pay less than 10% of cost of service provided to City residents; MEDIUM—City funds pay 10-25% of cost of service provided to City residents;

LOW--City pay 25-50% of cost of service provided to City residents; ZERO—City funds pay more than 50% of cost of service provided to City residents.

- Private Fund Sources: HIGH—private funds make up more than 25% of agency's operating budget; MEDIUM—private funds make up 10-25% of agency's operating budget; LOW—private funds make up less than 10% of agency's operating budget; ZERO--no private funds contribute to the agency's operating budget. In-Kind Contributions can be counted only if they are included in an agency's annual audit or have been documented to the satisfaction of the City.

Focus on Extremely Low Income Persons: ELI households have the greatest need to stretch their income in order to meet the high cost of housing. It is impossible for the City to address fully the high housing cost burden of ELI households because of the high subsidy costs required and the limited housing financial resources available. However, the City can provide indirect assistance by targeting its public service resources to persons in ELI households. In the last two years, the City has begun to implement this strategy. In the current year, ELI clients served by the current set of City-funded public service/affordable housing services made up 84.6% of residents receiving services from those agencies. Only 62.9% of clients were ELI in FY 2002-03.

Stress on Outcomes as Well As Production Goals: In its last Five Year Consolidated Plan, the City established productivity performance goals. The goals were based on the program priorities set forth in the Plan. The Plan described identified needs and desired outcomes and how achieving the quantitative goals would accomplish desired outcomes. Success in achieving the productivity goals was presumed to mean success in meeting the program desired outcomes.

In response to HUD Notice CPD-03-09, issued September 3, 2003, the City required all applicants for FY 2004-05 federal funds to include productivity performance goals and, for the first time, project impact goals. Beginning July 1, 2004, each public service activity had its own set of quantifiable project impact goals, e.g. outcomes. Outcomes were defined in three sets objectives.

- Cash Savings to Beneficiaries: Agencies whose services provide basic needs such as food, transportation and day care. For FY 2005-06, seven agencies will provide basic services to special populations that provide an in lieu cash benefit in excess of \$1,000,000.
- Empowerment: Agencies that provide services such as counseling, legal assistance, fair housing, and information and referral, which assist people in solving immediate life problems and provide them the tools and resources to successfully deal with similar problems in the future. Most of these agencies conduct "before and after" surveys that quantify increases in self-esteem and knowledge. Eight agencies provide services whose measured outcome is greater ability to handle life's issues.
- Alternative Housing: Four RDA-funded agencies provide housing with supportive services. Alternative housing includes shared housing and transitional housing.

Collaboration with Other Entitlement Jurisdictions: Many of the service needs experienced by the City of Santa Clara are countywide issues. The entitlement jurisdictions in Santa Clara County have regularly met for over ten years to discuss and address countywide needs. Standardized application and reporting forms are one benefit from this collaboration. Common responses to HUD requirements

and proposed mergers are another benefit. Participation in stakeholders meetings are an important incubator for identifying emerging needs and developing realistic initiatives for meeting those needs valuable to meet regularly to discuss common issues and to plan and coordinate regional solutions to community needs.

**Table 35 (HUD Table 2B)
Community Development Needs (Public Services)**

Community Development Need	Priority Need	Estimated Need	Est Dollar Need	Goals
Senior Services	High	2,500	\$200,000	1,700
Handicapped Services	High	2,300	\$115,000	470
At-Risk Youth Services	High	1,800	\$140,000	325
Child Care Services	Medium	800	\$80,000	0
Transportation Services (for disabled)	High	(See Handicapped Services)		
Food Assistance (non-seniors)	High	2,700	\$120,000	2,000
Domestic Violence	High	500	\$50,000	200
Substance Abuse Services	Low	625	\$31,250	0
Employment Training	Medium	500	\$25,000	0
Health Services	Low	2,450	\$245,000	0
Lead Hazard Screening	Low	100	\$10,000	0
Crime Awareness	Low	Unknown	Unknown	0
Other Public Service Needs	Low	Unknown	Unknown	0
Notes: Goals and Estimated Needs are one year totals and represent unduplicated persons. Estimated Need and Goals numbers are all calculated as individual Persons				

The City does not anticipate funding any Medium or Low Priority public services over the next five years unless there is an increase in CDBG funding over the FY 2004-05 allocation.

3. Capital Improvement Activities: Public Facilities and Infrastructure

Each year, about 65% of CDBG funds are available for Capital Improvement Projects (CIP). In FY 2005-06, that amount will be just under \$800,000. The City has focused these CIP funds on three major areas, allocating about one-third each to housing rehabilitation, accessibility modifications and public facility/infrastructure improvements. If CDBG revenue continues to decline over the next five years, the City will be hard-pressed to continue providing assistance in all three of these areas.

That pressure will have a domino effect on housing rehabilitation activities funded by HOME and CDBG. The last five years have already seen an increase in the use of HOME funds for the City's Neighborhood Conservation and Improvement Program (NCIP) homeowner rehabilitation activities. Continuing that trend would have negative impacts on both the NCIP and HOME programs. Increased reliance on HOME funds for the NCIP limits the flexibility of the program because of the after-rehabilitation home value restrictions under HOME. Because rental rehabilitation activities leverage little or no non-City funds, the substitution of HOME funds for CDBG for housing rehabilitation would effectively decrease the ability of the City to use its HOME funds to leverage non-City dollars. The RDA 55 year affordability requirements limits the use of the Affordable

Housing Set-Aside funds for rental rehabilitation. The result of using more HOME funds for NCIP would be less new construction of transitional housing facilities for ELI special needs populations with HOME funds. Construction of transitional housing with HOME funds has been the primary source of leveraged, non-City funds.

In accordance with its Americans with Disabilities Act (ADA) Compliance Plan, the City has upgraded the accessibility of a number of public facilities, including parks, libraries and governmental buildings. The 1990 ADA law, while instrumental in addressing the civil rights of persons with disabilities, is a perfect example of an unfunded, federal mandate. CDBG was considered by Congress to be the source of federal funds to meet the mandate. The City of Santa Clara, mindful of its legal and moral obligations to its residents with disabilities, undertook to systematically assess its public facility accessibility barriers and diverted CDBG funds from other activities to remove those barriers. Each year, the City uses \$80-100,000 in CDBG funds to undertake curb cuts at 25-30 intersections located throughout the City. At least every other, year, \$200-250,000 in CDBG funds have been used for accessibility improvements at City parks. The City will continue to give the highest priority to using CDBG CIP funds to remove architectural barriers at publicly-owned facilities.

In the last five years, the City has used CDBG funds for three types of public facilities projects: non-profit service centers (including the City's Senior Center), low income area park improvements and historical preservation. The City anticipates doing one service center and one parks improvement project in the next five years. Use of CDBG funds for historical preservation will be a low priority unless they provide direct benefit to lower income residents.

Table 36 (HUD Table 2B)
Community Development Needs (Public Facilities and Infrastructure)

Community Development Need	Priority Need	Estimated Need	Est Dollar Need	Goals
PUBLIC FACILITY NEEDS (projects)				
Senior Centers	HIGH	1	\$300,000	1
Handicapped Centers	MEDIUM	1	\$300,000	1
Homeless Facilities	MEDIUM	1	\$300,000	0
Youth Centers	MEDIUM	1	\$300,000	0
Child Care Centers	MEDIUM	1	\$300,000	1
Health Facilities	MEDIUM	1	\$300,000	0
Neighborhood Facilities	MEDIUM	1	\$300,000	1
Parks and/or Recreation Facilities	HIGH	5	\$1,500,000	5
Non-Residential Historic Preservation	LOW	0	- 0 -	0
Other Public Facility Needs	MEDIUM	1	\$300,000	1
INFRASTRUCTURE (projects)				
Water/Sewer Improvements	LOW	0	- 0 -	0
Street Improvements	MEDIUM	1	\$400,000	0
Sidewalks	HIGH	5	\$500,000	5
Solid Waste Disposal Improvements	LOW	0	- 0 -	0
Flood Drain Improvements	LOW	0	- 0 -	0
Other Infrastructure Needs	LOW	0	- 0 -	0

In the 1990's, the City used CDBG funds for infrastructure improvements in several low income areas of the City that had been recently annexed by the City. Because those projects involved localized improvements only, they met the national objective of benefiting lower income residents. In the next five years, the City will not use CDBG for infrastructure projects unless the project is localized in a CDBG low income area.

4. Economic Development

The City has not used CDBG funds for economic development activities because the job market has created an excess of jobs over employable residents. In addition, the RDA anticipates an annual revenue stream in excess of \$15,000,000 for non-housing economic development.

Table 37 (HUD Table 2B)
Community Development Needs (Economic Development)

Community Development Need	Priority Need	Estimated Need	Est Dollar Need	Goals
ED Assistance to For-Profit Businesses	LOW	0	- 0 -	0
ED Technical Assistance to Businesses	LOW	0	- 0 -	0
Micro-Enterprises Assistance	LOW	0	- 0 -	0
Rehab Commercial/Industrial Properties	LOW	0	- 0 -	0
C/I Infrastructure Development	LOW	0	- 0 -	0
Other C/I Improvements	LOW	0	- 0 -	0
C/I: Commercial or Industrial Improvements by City or Non-Profit entity.				

The City has a medium priority to fund job capital improvement projects involving job training centers. There is no particular need for such activity at the time this Five Year Plan was developed.

ADMINISTRATIVE POLICIES AND SUPPORT ACTIVITIES

1. Institutional Structure and Coordination

The Housing and Community Services Division of the City's Planning and Inspection Department will continue to administer the City's CDBG and HOME Programs. That division is also responsible for administering the RDA's Affordable Housing Set Aside Fund. That consolidation assists the coordination of CDBG and HOME activities with RDA affordable housing activities. The City conducts an annual application process for CDBG, HOME, and RDA Housing funds. That application encourages the development of collaborative projects and the leveraging of private funds.

The City of Santa Clara will continue its participation in regional efforts to address community needs that are countywide. The CDBG Coordinator Committee, including representatives from all entitlement jurisdictions in Santa Clara County, meets regularly to coordinate regional efforts. Those meetings have included staff from HUD's San Francisco office, the Housing Authority, non-profit collaboratives such as the Homeless and Domestic Violence groups, the United Way, the County Human Relations Commission and other County entities, such as the Office of Women's Advocacy.

The City participates in regional partnerships such as the Santa Clara County Housing Action Coalition, the North County Consortium of Neighborhood Self-Sufficiency Centers and the North Valley Job Training Consortium, public-private efforts to leverage resources and establish programs to address the issues of affordable housing and poverty. The City will continue to support these organizations and will encourage and with similar collaborative efforts that may develop in the future.

2. Geographical Distribution of Community Assistance

The geographical distribution of federal assistance is based largely on the degree of benefit afforded very low and low income people. While this Plan has identified areas of concentrations of low-income or racial/ethnic citizens, the City of Santa Clara attempts to reach all less advantaged persons regardless of their area of residence. Public service activities are allocated funding support based on direct benefit to low-income clients who are Santa Clara residents. Beneficiaries of CDBG or HOME funded activities are generally disbursed throughout the community; there is no geographical preference made in the provision of assistance. The one exception to this policy is the City's Neighborhood Enhancement Initiative. That project identifies low-income neighborhoods and brings together various City departments to meet with residents to discuss and establish their needs and goals for their community.

The City's policy, as stated in the Housing Element, is to disperse affordable housing to all residential areas of the City. The Planning Division is responsible for monitoring the implementation of this policy. Potential projects involving development of multi-unit, affordable housing are referred to the Planning Division for analysis of the degree of concentration within the particular neighborhood the project is proposed.

3. Affordable Housing

To overcome this lack of sufficient funds and the high cost escalating cost of housing, the City will select proposed eligible projects based on the following priorities:

- No medium or low priority needs will be funded with federal funds.
- Projects leveraging non-City funds at greater than 4-1 will be given higher priority.
- Entitlement funds will focus on limited, special population projects, particularly ELI households;
- RDA funds will focus on larger, new construction projects.
- Entitlement funds will focus on renter projects.
- Self-Help homeowner projects for very low income households will be given high priority.

4. Homeless and Near Homeless

The City has been and will continue to be an active supporter of the Santa Clara County Collaborative on Affordable Housing and Homelessness. In the next five years, as in the past, a City representative will, from time to time, sit on the Rating Sub-Committee. The City will develop and coordinate its efforts with the County to eliminate chronic homelessness.

In addressing the needs of homeless and near homeless persons, the City will continue to work with other entitlement jurisdictions in the County to provide technical assistance and financial support to those agencies providing services and housing for the City's homeless.

5. Lead Based Paint Hazards

In its single family rehabilitation, multi-family residential rehabilitation, acquisition and conversion from non-residential housing projects, the City will continue to implement and comply with federal and state requirements. Those requirements include a written notice to all households of the possibility of lead-based paint. Routinely, housing units that are being rehabilitated or acquired are tested for lead-based paint if they may have last been painted prior to 1978. When testing results indicate the presence of lead, the paint is removed and disposed of according to federal standards.

6. Persons with AIDS

Due to its prominence as the largest city in the county, the City of San Jose is the local entitlement jurisdiction that receives HUD funds under the Housing Opportunities for Persons with AIDS (HOPWA) program. In consultation with other jurisdictions in Santa Clara County, San Jose is required to use the HOPWA funds in ways that best address the countywide housing and support service needs of low-income persons who have been diagnosed as HIV-positive.

7. Fair Housing

In compliance with federal regulations, the City prepared an Analysis of Impediments to Fair Housing (AI) in March, 2004. That document set forth a two year action plan. The City undertakes an annual review of that document and its corresponding Action Plan. The City will update the AI in 2006. Beginning in PY 2005, the City will use RDA Affordable Housing Set Aside funds to support its fair housing agency, Project Sentinel. That action frees up scarce CDBG Public Service dollars for non-housing community services.

8. Monitoring

The City has continued to carry out an active and complete monitoring of federal funding recipients for compliance with CDBG and HOME program regulations. All Public Service agencies are required to submit quarterly reports on their direct activity performance. For Public Service agencies with a history of satisfactory performance, on-site monitoring is conducted every two years. New or poorly performing Public Service agencies are monitored annually. Housing projects submit annual reports as required by their regulatory agreements with the City. These reports are due in the first quarter of each program year, reflecting the activities of projects in the preceding program year. At least every two years, on-site program audits and Housing Quality Inspections are conducted for all HOME-funded projects.

The monitoring of long-term housing projects, both federal and RDA, requires an increasing allocation of resources each year. Currently affordable housing projects have affordability periods of 30-55 years. Thus, each new housing project adds a cumulative, long-term impact on available monitoring resources required. Both federal and RDA law require the City to adequately fund its monitoring activities in order to insure compliance with the regulatory agreements. RDA law specifically allows the City to defray monitoring costs with RDA funds.

Funded agencies are also required to submit an annual financial audit with the exception of Public Service agencies with budgets of less than \$100,000. For those smaller agencies, a financial statement certified by their Board President and/or Treasurer may be accepted.

In addition to the individual monitoring of federally funded programs and projects by City staff, the City also undertakes an annual Single Audit according to requirements of the federal Office of Management and Budget. As standard practice, notification of the outcome of the annual audit report is submitted to HUD for review.

9. Minority and Women Owned Businesses

Consistent with federal requirements, the City of Santa Clara adopted a Disadvantaged Business Enterprise (DBE) Program, last updated in March, 2002. Bid packets for all projects using City CDBG and/or HOME funds require that successful bidders must undertake an outreach program consistent with that plan. The overall program goal is 8% DBE participation, but no quotas are required of individual contractors.

10. Community Housing Development Organizations

The HOME Program requires that the City set aside at least 15% of each year's annual allocation for Community Housing Development Organizations (CHDO). To meet this goal, the City of Santa Clara gives priority to CHDOs. Under federal regulations, a CHDO must include a significant representation of low income persons on its Board of Directors. In addition, a CHDO must provide a mechanism for the participation of low-income beneficiaries to advise the organization in its decision regarding the design, siting, development and management of affordable housing. Since the inception of the HOME Program, the City has successfully worked with seven CHDOs. It has always exceeded the program requirement of 15% set aside of the City's annual entitlement, averaging more than three times the minimum requirement.

11. Tenant Protections in Assisted Housing

HOME regulations require several tenant protections in the areas of fair lease and grievance procedures, right to continued tenancy, and a program of tenant participation in management and operating decisions. In its HOME-subsidized housing projects, the City of Santa Clara requires owners to adhere to those regulatory requirements. All federal-assisted rental housing projects are required to work with the City's Rental Dispute Program when differences with tenants cannot be resolved informally.

12. Section 3 Affirmative Action Plan

As part of its anti-poverty strategy the City adopted a Section 3 Affirmative Action Plan in March, 1989. The purpose of the plan is to assure that new jobs created by the use of federal entitlement funds provides opportunity for the recruitment, training and employment of low income persons residing in the City of Santa Clara. To this end, the stated purpose of the plan is to "provide lower income residents within the project area [Santa Clara City] the opportunity for employment and training and for the awarding of contracts to businesses located or owned in substantial part by persons residing in the project area." This action plan is required of all contracts for non-exempt projects funded by HUD. Exempt projects are Section 235-236 Housing, any Public Housing programs which do not exceed \$500,000 in total cost and any subcontract of \$50,000 or less on projects or contracts in excess of \$500,000. The Housing and Community Services Division monitors adherence to this policy by non-exempt contractors.

13. Federal Labor and Prevailing Wage

Most Capital Improvement Projects undertaken by the City with federal funds will require that federal prevailing wages be paid to all workers. The City will comply with all federal labor requirements. HUD Handbook 1344.1, entitled "Federal Labor Standards Compliance in Housing and Community Development Programs," is the primary source for those requirements

14. National Environmental Protection Act

Before expending federal funds on any activity, the City must comply with all HUD requirements related to environmental issues under the National Environmental Protection Act (NEPA). The City determines the appropriate level of environmental review and addresses all the statutes and regulations required under 24 CFR Part 58, entitled “Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities.”

FIVE YEAR STRATEGIES, OBJECTIVES AND GOALS

For the course of this five-year plan, it is the intention of the City of Santa Clara to support projects and programs that assist residents of extremely low, very low and low income with available federal entitlement resources. The Consolidated Plan will be implemented in concert with other planning documents that deal with meeting the needs of the City's less advantaged population. The strategies stated in the Consolidated Plan were developed in consideration of the objectives of the City's General Plan Housing Element, the Santa Clara Redevelopment Agency's Implementation Plan, the City's Analysis of Impediments to Fair Housing, the Santa Clara County's Continuum of Care Plan, the County Housing Authority's Five Year Public Housing Plan, and other published plans and policies that relate to the needs of the City's lower income households.

The over-riding issue facing Santa Clara City, and all of the Bay Area for that matter, is the acute shortage of affordable housing, particularly for households with modest incomes. The City's existing shortage of available and affordable housing has been an issue spanning more than three decades. The notable difference today is that the situation is no longer focused on just lower income households. The price of available housing is now out of reach of even moderate income households. For this reason, the goals of the RDA Implementation Plan, as it relates to affordable housing, have been incorporated into this plan to provide a comprehensive picture of the City's affordable housing and community needs plan of activities over the next five years.

To adhere to this mission, the City will direct its attention over the next five years to support activities involving affordable housing development and support services. The objective is to provide an array of projects and programs that can address the particular needs of all income groups and special need populations identified in this document. The strategies described in the Consolidated Plan will not, in themselves, address the full range of affordable housing needs or public service demands presented by the community over the next five years. It is the intention of the Consolidated Plan to identify the direction the City will take to address the identified needs of the community in the best possible way, given its administrative capabilities and resources. The City's priorities for using federal funds to address affordable housing and community needs are to focus funds on those needs that are not adequately met by other public or private funding sources or entities.

Housing and community development activities are divided into four general categories: (1) Affordable Housing; (2) Homeless; (3) Public Services; and (4) Community Facilities and Infrastructure. The quantitative performance goals of these activities are summarized in Table 38.

Goal One: Provide Housing Opportunities to First-Time Lower and Moderate Income Homebuyers

Program 1A: First-Time Homebuyer Financing Program.

1. Need to be Addressed: High Cost of Ownership Housing; Minority Homeownership.
2. Strategies: Homebuyer Financing; Affirmative Marketing to under-represented races/ethnicities.
3. Target Population: Persons who live and/or work in the City of Santa Clara.
4. Income Targeting: Moderate Income Households.

5. Five Year Performance Goal: 85 units; Section 215 Goal: 12 units.
6. Desired Outcomes: Increase percentage of City households that are homeowners; Increase the percentage of minority households that are homeowners.
7. Funding Source: RDA.
8. Estimated Needed Funds: \$4,200,000.

Program 1B: Below Marketing Purchase Program.

1. Need to be Addressed: High Cost of Ownership Housing; Minority Homeownership.
2. Strategies: Reduce Purchase Price to Affordable Levels; Affirmative Marketing to under-represented races/ethnicities.
3. Target Population: Persons who live and/or work in the City of Santa Clara.
4. Income Targeting: Moderate Income Households.
5. Five Year Performance Goal: 120 units; Section 215 Goal: 0 units.
6. Desired Outcomes: Increase percentage of City households that are homeowners; Increase the percentage of minority households that are homeowners.
7. Funding Source: RDA.
8. Estimated Needed Funds: \$7,200,000.

Program 1C: Self-Help/Sweat Equity Homeowner Construction.

1. Need to be Addressed: High Cost of Ownership Housing; Minority Homeownership.
2. Strategies: Reduce Purchase Price to Affordable Levels; Affirmative Marketing to under-represented races/ethnicities.
3. Target Population: Persons who live and/or work in the City of Santa Clara.
4. Income Targeting: Very Low Income Households.
5. Five Year Performance Goal: 6 units; Section 215 Goal: 6 units.
6. Desired Outcomes: Increase percentage of City households that are homeowners; Increase the percentage of minority households that are homeowners.
7. Funding Source: HOME/RDA.
8. Estimated Needed Funds: \$1,000,000.

Goal Two: Provide Affordable Rental Housing to Very Low Income Households, Particularly Special Needs Populations

Program 2A: Expand Affordable Rental Housing Through Acquisition/Rehabilitation.

1. Need to be Addressed: Housing Cost Burden of Very Low and Extremely Low Income Households; Deteriorated Rental Properties.
2. Strategies: Time rental market property values to acquire market rental properties; Rehabilitate deteriorated rental housing.
3. Target Population: Persons who live and/or work in the City of Santa Clara.
4. Income Targeting: Very Low Income Households.
5. Five Year Performance Goal: 25 units; Section 215 Goal: 25 units.
6. Desired Outcomes: Reduce housing cost burden for Very Low and Extremely Low Income households.
7. Funding Source: HOME/RDA.
8. Estimated Needed Funds: \$750,000.

Program 2B: Expand Affordable Rental Housing Through New Construction.

1. Need to be Addressed: Housing Cost Burden of Very Low and Extremely Low Income Households; geographical dispersion of low income housing.
2. Strategies: Encourage medium density and in-fill development.
3. Target Population: Persons who live and/or work in the City of Santa Clara.
4. Income Targeting: Very Low Income Households.
5. Five Year Performance Goal: 245 units; Section 215 Goal: 245 units.
6. Desired Outcomes: Reduce housing cost burden for Very Low and Extremely Low Income households.
7. Funding Source: HOME/RDA.
8. Estimated Needed Funds: \$14,700,000.

Program 2C: Expand Affordable Rental Housing For Special Needs Populations.

1. Need to be Addressed: Housing Cost Burden for Extremely Low Income Households with Special Needs.
2. Strategies: Encourage medium density and in-fill development.
3. Target Population: Identified Special Needs Populations.
4. Income Targeting: Extremely Low Income Households.
5. Five Year Performance Goal: 25 units; Section 215 Goal: 25 units.
6. Desired Outcomes: Reduce housing cost burden for Special Needs Populations households.
7. Funding Source: HOME/RDA.
8. Estimated Needed Funds: \$1,500,000.

Program 2D: Expand Affordable Rental Housing Through Shared Housing.

1. Need to be Addressed: Affordable Housing for Extremely Low Income Households; Affordable Housing for Female-Headed Households; Affordable Housing for Seniors.
2. Strategies: Address need for in-home support for seniors and persons with disabilities.
3. Target Population: Seniors, persons with disabilities, female-headed households.
4. Income Targeting: Extremely Low Income Households
5. Five Year Performance Goal: 90 units; Section 215 Goal: 90 units.
6. Desired Outcomes: Reduce housing cost burden for Special Needs Populations households.
7. Funding Source: RDA.
8. Estimated Needed Funds: \$90,000.

Goal Three: Preserve and Maintain Existing Housing Stock Occupied by Lower Income Households

Program 3A: Neighborhood Conservation and Improvement Program.

1. Need to be Addressed: Older housing occupied by lower income homeowners; lead-based paint hazards.
2. Strategies: Provide below market loans and grants to rehabilitate owner-occupied housing.
3. Target Population: Homeowners in older housing stock.
4. Income Targeting: Very Low Income Homeowners.
5. Five Year Performance Goal: 200 units; Section 215 Goal: 50 units.
6. Desired Outcomes: Maintain housing quality standards of housing owned by low income households.

7. Funding Source: HOME/CDBG.
8. Estimated Needed Funds: \$2,000,000.

Program 3B: Rental Rehabilitation Program.

1. Need to be Addressed: Affordability of Assisted Housing and housing for special needs populations; lead-based paint hazard.
2. Strategies: Provide financing for assisted and special needs housing to maintain rents below affordability maximums.
3. Target Population: Residents in assisted housing and special needs housing.
4. Income Targeting: Very Low Income Households.
5. Five Year Performance Goal: 100 units; Section 215 Goal: 100 units.
6. Desired Outcomes: Maintain housing quality standards of assisted housing and special needs populations housing.
7. Funding Source: HOME/CDBG.
8. Estimated Needed Funds: \$500,000.

Goal Four: Provide Housing and Supportive Services to Homeless Individuals and Families

Program 4A: Housing for Chronic Homeless Individuals and Families.

1. Need to be Addressed: Transitional and permanent housing for chronic homeless.
2. Strategies: Combine housing with appropriate support services to foster permanent, independent living.
3. Target Population: Chronic homeless individuals and families.
4. Income Targeting: Extremely Low Income.
5. Five Year Performance Goal: 20 units; Section 215 Goal: 20 units.
6. Desired Outcomes: Permanent housing for chronic homeless.
7. Funding Source: HOME/CDBG/RDA.
8. Estimated Needed Funds: \$1,000,000.

Program 4B: Homeless Support Services.

1. Need to be Addressed: Transition of homeless individuals and families to permanent housing.
2. Strategies: Support homeless individuals and families residing in City's inventory of homeless housing facilities.
3. Target Population: Homeless individuals and families in City's inventory of homeless housing facilities.
4. Income Targeting: Extremely Low Income.
5. Annual Performance Goal: 360 homeless persons.
6. Desired Outcomes: Permanent housing for chronic homeless.
7. Funding Source: RDA.
8. Estimated Needed Funds: \$360,000.

Program 4C: Support Entities Providing Basic Necessities to Households At-Risk for Homelessness.

1. Need to be Addressed: Extremely Low Income Households with housing cost burden.
2. Strategies: Encourage development of one-stop community service agencies.
3. Target Population: Households at-risk for homelessness.

4. Income Targeting: Extremely Low Income.
5. Annual Performance Goal: 2000 persons.
6. Desired Outcomes: Assist extremely low income households to remain in their current housing.
7. Funding Source: CDBG.
8. Estimated Needed Funds: \$75,000.

Program 4D: Provide Emergency Rental Assistance to Households in Danger of Eviction for Non-Payment of Rent.

1. Need to be Addressed: Extremely Low Income Households with one-time financial emergency.
2. Strategies: Pilot program to leverage other available funds to provide one-time assistance to households that can demonstrate ability to pay future rent. Program may be expanded based on success in leveraging and demonstrated need.
3. Target Population: Households at-risk for homelessness.
4. Income Targeting: Extremely Low Income.
5. Annual Performance Goal: 5 households.
6. Desired Outcomes: Assist extremely low income households to remain in their current housing.
7. Funding Source: RDA.
8. Estimated Needed Funds: \$10,000.

Goal Five: Support Non-Profit Community Service Organizations That Provide Essential Services to City Residents, Particularly Identified Special Needs Populations

Program 5A: Social Services for Special Needs Populations.

1. Need to be Addressed: Social services that benefit extremely low income special needs persons.
2. Strategies: Work with agencies that have a history of providing services to City residents and demonstrated ability to leverage non-City funds.
3. Target Population: Identified special needs populations.
4. Income Targeting: Extremely Low Income.
5. Annual Performance Goal: 2,000 persons.
6. Desired Outcomes: Extension of income through provision of basic services; empowerment through counseling.
7. Funding Source: CDBG.
8. Estimated Needed Funds: \$1,000,000.

Program 5B: Housing Services for Special Needs Populations.

1. Need to be Addressed: Housing services that benefit extremely low income special needs persons.
2. Strategies: Work with agencies that have a history of providing services to City residents and demonstrated ability to leverage non-City funds.
3. Target Population: Identified special needs populations.
4. Income Targeting: Extremely Low Income.
5. Annual Performance Goal: 300 persons.
6. Desired Outcomes: Obtain or maintain permanent housing.
7. Funding Source: RDA.
8. Estimated Needed Funds: \$300,000. (Includes \$200,000 from City's General Fund for Landlord/Tenant mediation services).

Goal Six: Provide Services and Promotional Support to Persons Experiencing Discrimination in Housing

Program 6A: Investigate Allegations of Discrimination in Housing.

1. Need to be Addressed: Discrimination against protected classes in housing.
2. Strategies: Support certified fair housing agency that investigates discrimination complaints.
3. Target Population: Protected classes under fair housing law.
4. Income Targeting: None.
5. Annual Performance Goal: 25 investigations.
6. Desired Outcomes: Education of residents and landlords on fair housing law.
7. Funding Source: RDA.
8. Estimated Needed Funds: \$100,000.

Program 6B: Reduce Local Incidents of Hate Crimes.

1. Need to be Addressed: Criminal actions targeting protected classes in housing.
2. Strategies: Support police officials and community groups in the development and enforcement of policies to reduce local incidents of hate crimes.
3. Target Population: Protected classes under fair housing law.
4. Income Targeting: None.
5. Five Year Performance Goal: Average no more than one incident per year.
6. Desired Outcomes: Education of residents and landlords on fair housing law.
7. Funding Source: General Fund.
8. Estimated Needed Funds: As required by City Police Department.

Program 6C: Update Analysis of Impediments to Fair Housing and Action Plan.

1. Need to be Addressed: Equal housing opportunity for all races/ethnicities.
2. Strategies: Review and update Analysis of Impediments (AI) as needed.
3. Target Population: Protected classes under fair housing law.
4. Income Targeting: None.
5. Five Year Performance Goal: Update current AI in FY 2005-2006. Annually report on progress in implementing AI Action Plan.
6. Desired Outcomes: Demonstrated diversity of housing opportunity.
7. Funding Source: Administrative.
8. Estimated Needed Funds: From CDBG/HOME administrative funds.

Program 6D: Affirmative Marketing of Housing Programs and Projects.

1. Need to be Addressed: Equal housing opportunity for all races/ethnicities.
2. Strategies: Review and update program and project affirmative marketing plans.
3. Target Population: Protected classes under fair housing law.
4. Income Targeting: Moderate to extremely low income.
5. Annual Performance Goal: Review ten project affirmative marketing plans each year.
6. Desired Outcomes: Demonstrated diversity of housing opportunity.
7. Funding Source: Administrative.
8. Estimated Needed Funds: From CDBG/HOME/RDA administrative funds.

Goal Seven: Provide the Public Facilities Necessary to Assure the Health, Safety and Welfare for all Residents of the Community

Program 7A: Remove Architectural Barriers from City Facilities, and City Sidewalks.

1. Need to be Addressed: Barriers to Making Public Facilities Accessible to Persons with Disabilities.
2. Strategies: Implement City's Americans with Disabilities Act Plan; Undertake curb cuts at City intersections.
3. Target Population: Persons with Disabilities
4. Income Targeting: None.
5. Five Year Performance Goal: 10 Removal of Barriers Projects.
6. Desired Outcomes: Accessibility to Public Facilities by Persons with Disabilities
7. Funding Source: CDBG.
8. Estimated Needed Funds: \$1,900,000.

Program 7B: Improve and Upgrade City Facilities in Lower Income Neighborhoods.

1. Need to be Addressed: Adequate City Facilities that meets needs of low income neighborhoods.
2. Strategies: Identify City facilities located in lower income neighborhoods, which are in need of improvements.
3. Target Population: Residents of lower income neighborhoods.
4. Income Targeting: Low Income.
5. Annual Performance Goal: 2 Projects.
6. Desired Outcomes: Improved City services in lower income neighborhoods.
7. Funding Source: CDBG.
8. Estimated Needed Funds: \$800,000.

Program 7C: Enhancement of Deteriorated Lower Income Neighborhoods.

1. Need to be Addressed: Deteriorated lower income neighborhoods.
2. Strategies: Identify physical improvements needed in lower income neighborhoods.
3. Target Population: Residents of lower income neighborhoods.
4. Income Targeting: Low Income.
5. Annual Performance Goal: 2 Projects.
6. Desired Outcomes: Improved physical appearance of lower income neighborhoods.
7. Funding Source: CDBG.
8. Estimated Needed Funds: \$200,000.

Program 7D: Improve and Upgrade Privately Owned Facilities Providing Services and Benefits to Lower Income Residents.

1. Need to be Addressed: Adequate physical facilities for non-profit service agencies.
2. Strategies: Accessibility to private facilities; necessary rehabilitation to maintain facilities.
3. Target Population: Agencies providing services to lower income residents, particularly special needs populations.
4. Income Targeting: Low Income.
5. Annual Performance Goal: 1 Project.
6. Desired Outcomes: Improved access and use of privately owned facilities providing services.
7. Funding Source: CDBG.
8. Estimated Needed Funds: \$100,000.

Goal Eight: Provide Planning, Development and Monitoring Administration Necessary to Carry out the Five Year Plan Objectives and Comply with Federal and Redevelopment Law Requirements

Program 8A: Provide Stable Source of Funds for Administration.

1. Need to be Addressed: Compliance with federal statutes and regulations governing CDBG and HOME, and RDA Affordable Housing Fund.
2. Strategies: Use for administration the full amount of federal entitlement grants allowed by law; use RDA administrative funds to supplement CDBG and HOME administration funds.
3. Target Population: Not applicable.
4. Income Targeting: Not applicable.
5. Five Year Performance Goal: Not applicable.
6. Desired Outcomes: Compliance with federal and RDA requirements.
7. Funding Source: CDBG/HOME.
8. Estimated Needed Funds: \$1,615,000.

Program 8B: Establish Stable Funding Base to Assure Compliance with Long Term Monitoring Requirements of CDBG, HOME and RDA.

1. Need to be Addressed: Compliance with monitoring requirements federal statutes and regulations governing CDBG and HOME, and RDA Affordable Housing Fund.
2. Strategies: Identify new source(s) of funds.
3. Target Population: Residents of assisted housing.
4. Income Targeting: As required by assisted housing projects.
5. Five Year Performance Goal: Not applicable.
6. Desired Outcomes: Compliance with federal and RDA requirements for long term monitoring.
7. Funding Source: To be determined.
8. Estimated Needed Funds: \$177,200.

Program 8C: Support Countywide Efforts of Entitlement Jurisdictions in Santa Clara County to Identify Common County Housing & Community Development Needs and Develop Common Strategies to Address Them

1. Need to be Addressed: Development of facilities in Santa Clara that address multi-jurisdiction needs.
2. Strategies: Participate in CDBG Coordinators Committee; Fund countywide planning studies.
3. Target Population: Populations identified in Consolidated Plan.
4. Income Targeting: Lower income residents of the County.
5. Five Year Performance Goal: Participate in 2 multi-jurisdiction projects (goals and estimated needed funds included in above goals).
6. Desired Outcomes: Efficient use of scarce resources to address housing and community needs.
7. Funding Source: CDBG/HOME.
8. Estimated Needed Funds: As necessary (unlikely to exceed \$50,000).

Table 37 (HUD Table 2C)
Summary of Specific Housing/Community Development Objectives

Funding Sources	Specific Objective	Performance Measure	Performance Goal	Section 215 Goals
Goal One: OWNERSHIP HOUSING				
RDA	First Time Homebuyer	Housing Units	85	12
RDA	Below Market Price	Housing Units	120	0
HOME/RDA	Self-Help Ownership	Housing Units	6	6
Goal Two: RENTAL HOUSING				
HOME/RDA	Acquisition	Housing Units	25	25
HOME/RDA	New Construction	Housing Units	245	245
HOME/RDA	Special Needs	Housing Units	25	25
RDA	Shared Housing	Housing Units	90	90
Goal Three: HOUSING REHABILITATION				
HOME/CDBG	Homeowner Rehabilitation	Housing Units	200*	50
HOME/CDBG	Rental Rehabilitation	Housing Units	100*	100
* Includes accessibility improvements on 75 homeowner/rental housing units.				
Goal Four: HOMELESS HOUSING/SERVICES				
HOME/CDBG	Rental Housing	Housing Units	20	20
RDA	Support Services	Persons	360/Year	N.A.
CDBG	At-Risk Households	Persons	2,000/Year	N.A.
RDA	Emergency Rental Assistance	Households	5/Year	N.A.
Goal Five: SERVICES FOR SPECIAL NEEDS				
CDBG	Public Services	Persons	2,000/Year	N.A.
RDA	Affordable Housing Services	Persons	300/Year	N.A.
Goal Six: FAIR HOUSING ACTIVITIES				
RDA	Fair Housing Services	Households	25	N.A.
Goal Seven: PUBLIC FACILITIES				
CDBG	Removal of Barriers	Projects	10	N.A.
CDBG	City Owned Facilities	Projects	2	N.A.
CDBG	Neighborhood Enhancement	Projects	2	N.A.
CDBG	Non-Profit Owned Facilities	Projects	1	N.A.
Goal Eight: ADMINISTRATION				
To be Determined	Long Term Housing Project Monitoring	Housing Units	1,772	N.A.

Section 215 Affordable Housing Goals: To qualify as Section 215 Affordable Housing, a rental unit must be occupied by a very low, low, or moderate income household with a rent that is the lesser of (1) the existing Section 8 Fair Market Rent for comparable units in the area or, (2) 30% of the adjusted income of a family whose income equals 65% of the median income for the area.

Homebuyers qualify as Section 215 Affordable Housing if they are very low, low, or moderate income, first-time homebuyers who make the purchased home their principal residence, and the price of the purchased home does not exceed the mortgage limit for the type of single family housing for the area under HUD's single family insuring authority under the National Housing Act. For rehabilitated housing, the unit must be occupied by a very low, low, or moderate income household which uses the house as a principal residence and which has a value, after rehabilitation, that does not the mortgage limit applied to homebuyers above. Because of the high cost of ownership housing, most of the proposed, assisted ownership units are not likely to qualify as Section 215 Affordable Housing because of the mortgage limits.

Strategies to Overcome Barriers to Meeting Housing Needs

1. **Municipal Boundaries:** The City will continue to seek develop in-fill projects at the maximum density compatible with existing neighborhoods.
2. **Vacant Land:** The City will continue its Below Market programs for new infill housing developments.
3. **Community Opposition to High Density Housing:** For infill projects, the City encourages proactive efforts with affected neighborhoods to balance the need for higher density, affordable housing with specific concerns raised by the local community. Planned developments have been allowed greater latitude in designing projects that accomplish maximum residential densities.
4. **Land Use Controls:** Land use controls have helped maintain the quality of the City's residential neighborhoods, consistent with established community standards. Similarly, residential development standards, such as maximum building heights and minimum building setback, and other land use policies related to open space and off-street parking assure that in-fill developments will not have a negative impact on existing, surrounding neighborhoods. Most new developments in the City are accomplished through the creation of Planned Development (PD) zones. Such zones allow greater flexibility to achieve small lot and condominium ownership and design variations in terms of setbacks and building heights. This flexibility allows adaptation to site constraints without sacrificing the number of units or adding additional costs to construct those units.
5. **Public Infrastructure:** The City currently has adequate infrastructure and utilities to service new development. The General Plan Amendment for the Agnews site requires a number of infrastructure developments in order to produce the projected number of housing units.
6. **Fees:** Development fees are not a burdensome barrier to the construction of affordable housing. In affordable housing projects, the City considers the cost of applicable fees and factors that cost into the determination of an appropriate subsidy level. City application and processing fees are raised only in

response to inflationary cost increases in providing City services and are below those charged by neighboring jurisdictions.

7. **Local Permit Procedures:** The City has developed a one-stop permit center to expedite the processing of permit requests. This system is now one of the quickest, most cost-effective in the County. The Planning Department processing, from initial submittal through discretionary review and building permit approval, averages less than four months for residential developments. The imminent implementation of an on-line permit system will further reduce the time for processing.
8. **Income Limits:** In 1999, the City of Santa Clara adopted the full 80% of Median Income standard for all of its program (previously, as a high income area, the low income threshold was effectively 62% of Median Income), thanks to a recent statutory change. Extending eligibility to households at the full 80% of Median Income enables the development of more financially sound projects at lower subsidy costs, without putting a burdensome housing cost on low income households.

Strategies to Overcome Barriers to Meeting Non-Housing Needs

- **Insufficient Funding Resources/Increased and Changing Needs:** The City will continue to fund those public service agencies currently funded and performing satisfactorily. These agencies are encouraged to develop new and alternative funds as well as to take advantage of the increased wealth in the County to expand their list of donors. The City will continue to use prior year program income to encourage the development of one-time projects, seed projects and emerging need projects.
- **Duplication and Overlapping of Services:** The City will continue to encourage collaboration among agencies serving similar needs and populations.

Problems that are Countywide: The City will continue to work with other entitlement jurisdictions to encourage regional approaches to countywide needs. This forum will also be used to encourage collaboration among the County's non-profit agencies.